UNITED STATES ECONOMIC ASSISTANCE

TO SOUTH VIET NAM, 1954-75

~~An Overview~~

TERMINAL REPORT

Prepared by the

Asia Bureau

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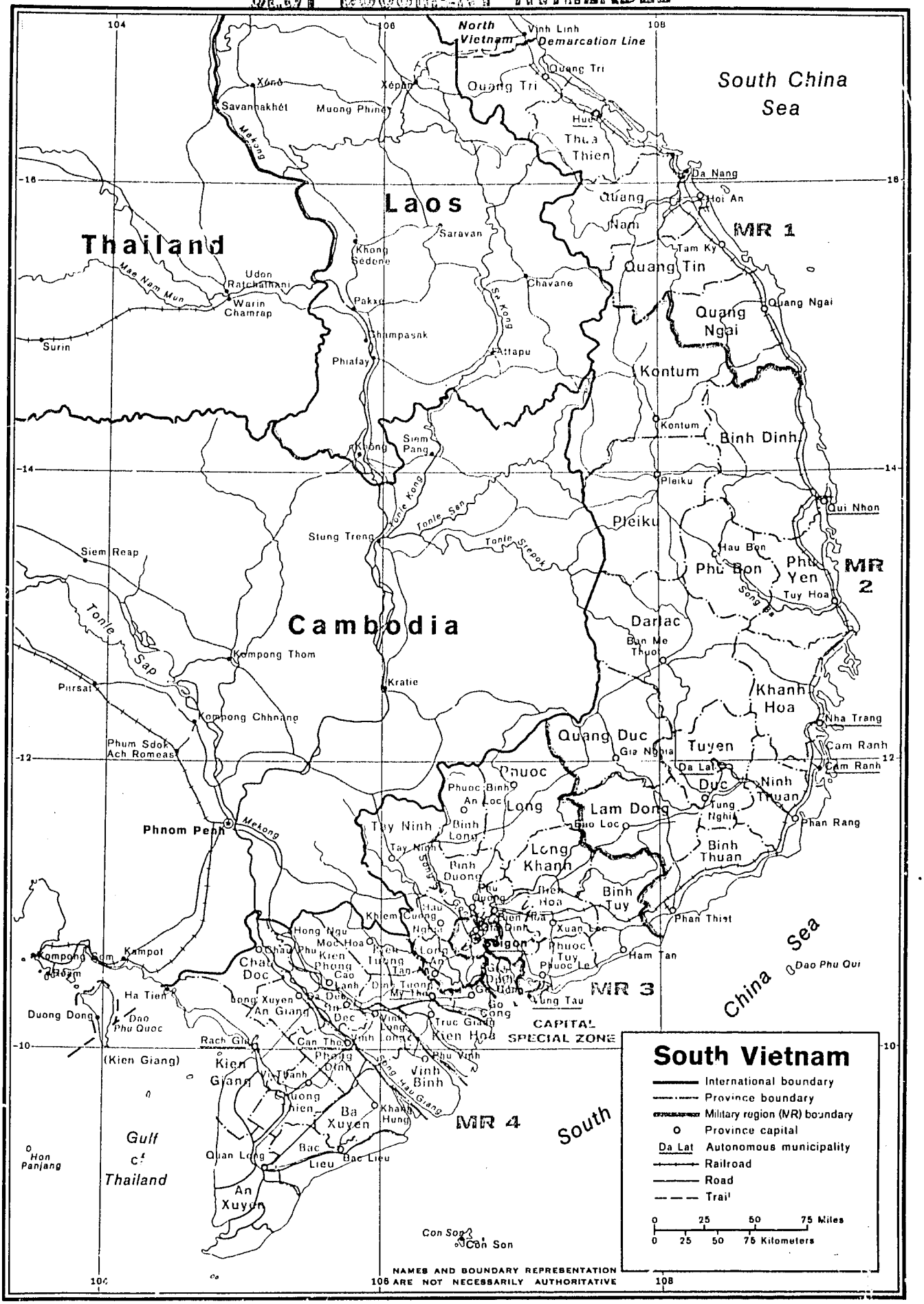

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U.S. ECONOMIC ASSISTANCE TO SOUTH VIETNAM, 1954-75
GRANT OBLIGATIONS, LOAN AUTHORIZATION AND PIASTER PURCHASES IN MILLIONS OF DOLLARS

FISCAL YEAR	CIP	FFP	PROJECT AND OTHER AID	TOTAL 1/ (Excluding Piaster Purchases)	U.S. DOLLAR PIASTER PURCHASES (Calendar Year)	GRAND TOTAL: AID INCLUDING PIASTER PURCHASES
1954	-	0.1	-	0.1	10*	10.1
1955	253.7	2.2	66.5	322.4	15*	337.4
1956	174.7	14.3	21.0	210.0	15*	215.0
1957	210.9	22.8	48.5	282.2	15*	297.2
1958	151.9	9.6	27.5	189.0	20*	209.0
1959	146.4	6.5	54.5	207.4	20*	227.4
1960	135.6	11.3	34.9	181.8	20*	201.8
1961	111.2	11.5	29.3	152.0	20*	172.0
1962	94.1	31.9	30.0	156.0	20*	176.0
1963	95.0	52.6	48.3	195.9	25*	220.9
1964	113.0	59.1	52.7	224.8	42	266.8
1965	150.0	49.9	75.0	274.9	74	348.9
1966	399.3	143.0	194.2	636.5	233	969.5
1967	160.0	73.7	334.4	568.1	203	771.1
1968	160.1	138.5	238.1	536.7	311	847.7
1969	130.0	99.4	184.1	413.5	347	760.5
1970	238.5	110.8	127.4	476.7	318	794.7
1971	281.0	188.0	106.7	575.7	403	978.7
1972	313.0	67.8	73.8	454.6	229	683.6
1973	226.2	188.3	87.2	501.7	128	629.7
1974	332.6 2/	269.9	51.8	654.3	100	754.3
1975	143.4	57.7	44.8	245.9	25*	270.9
	4,020.6	1,608.9	1,930.7	7,560.2	2618	10,153.2

Source: AID Statistics and Reports Division, "U.S. Overseas Loans and Grants."
*Estimated
1/ Figures do not reflect deobligations.
2/ Includes Program Loan of $50 million.

USOM, USAID & CORDS
EMPLOYEES ON BOARD
(1954-75)

	U.S.		T.C.N.		L.N.		
	Direct Hire, PASA. State, etc.	Contract	Direct Hire	Contract	Direct Hire	Contract	Total
January 1, 1954							
January 1, 1955							
January 1, 1956							
January 1, 1957							
January 1, 1958							
January 1, 1959							
January 1, 1960							
January 1, 1961	210	214	0	36	598	-	1058
January 1, 1962	202	116	0	51	602	-	971
January 1, 1963	242	121	0	46	669	-	1078
January 1, 1964	316	111	0	99	808	-	1334
January 1, 1965	562	132	0	197	919	198	2008
June 30, 1966	827	178	0	317	1153	767	3242
June 30, 1967	1983 (1628)1/	337	0 3/	1117	1868	1092 6597	(6042)
June 30, 1968	2201 (1988)1/	450	254	1274	2864	638 7681	(7468)
June 30, 1969	2183 (1921)1/	787	378	2225	2216	2483 10,272	(10,010)
June 30, 1970	1782 (1525)	442	330	634	1692	1421 6301	(6044)
June 30, 1971 (Est.)	1646 (1596) 2/	340	248 4/	470	1550		
June 30, 1972 (Est.)	1360 (1310) 3/	281	101	302	1416		
June 30, 1973							
June 30, 1974							
June 30, 1975							

1/ A.I.D. Direct Hire, PASA and details from State and DOD: Includes training and pipeline. Employees actually in Vietnam are shown in ().
2/ Includes 150 State Department employees, and 115 PASA and other employees. 50 of Total in training.
3/ All TCN employees were hired on contract basis until 1967.
4/

U.S. ARMY AND TOTAL U.S. MILITARY PERSONNEL IN SOUTH VIETNAM 1/

Date	U.S. Army Personnel	Total U.S. Military Personnel
31 Dec 1960	800	900
31 Dec 1961	2,100	3,200
31 Dec 1962	7,900	11,300
31 Dec 1963	10,100	16,300
31 Dec 1964	14,700	23,300
31 Mar 1965	15,600	29,100
30 Jun	27,300	59,900
30 Sep	76,200	132,300
31 Dec	116,800	184,300
31 Mar 1966	137,400	231,200
30 Jun	160,000	267,500
30 Sep	189,200	313, 100
31 Dec	239,400	485,300
31 Mar 1967	264,600	420,900
30 Jun	285,700	448,800
30 Sep	296,100	459,700
31 Dec	319,500	485,600
31 Mar 1968	337,300	515,200
30 Jun	354,300	534,700
30 Sep	354,200	537,800
31 Dec	359,800	536,100
*31 Jan 1969	365,600	542,400
31 Mar	361,500	538,200
30 Jun	360,500	538,700
30 Sep	345,400	510,500
31 Dec	330,300	474,400
31 Mar 1970	321,400	448,500
30 Jun	297,800	413,900
30 Sep	295,400	394,100
31 Dec	250,700	335,800
31 Mar 1971	227,600	301,900
3 Jun	197,500	250,900

*Indicates peak strength in South Vietnam
Between 1954-1960 U.S. Military Strength averaged about 650 advisors

1/ Logistical Support, Viet Nam Studies, by Lt. Gen. Joseph M. Heiser, Jr. (Department of the Army, Washington, D. C. 1974, p. 14)

CONTENTS

	Page
Viet Nam in Perspective	A-1
The Problems of a New Country (1954-1958)	B-1
A Period of Development (1959-1961)	C-1
An Era of Counterinsurgency (1962-1966)	D-1
The War Years (1967-1975)	E-1
Bibliography	F-1

VIET NAM IN PERSPECTIVE[1]

The Vietnamese people possess a history which is dominated by conflict from without and from within. They were at war with the Chinese or were under Chinese domination from the Third Century, B.C., until 946, A.D., when the final attempts of the Chinese to retake the Red River Delta were repelled. Although Viet Nam fell briefly once again into Chinese hands in the fifteenth century, A.D., it generally managed to maintain its independence until the French moved in and gradually claimed all of Indochina as a colony from 1858 until 1900.

The practice of westerners furnishing military support and advisors to the Vietnamese dates back to the sixteenth century, when the Portuguese helped the Nguyen faction of Viet Nam in its war with the Trinh faction. The Dutch, in turn, supplied the military needs of the Trinh faction. This activity came to a halt at the end of the seventeenth century when the Nguyen and Trinh factions reached a truce.

The French joined the Portuguese, the Dutch and the English in a fierce competition for trade in Viet Nam. By the early nineteenth century, the French had begun to dominate western influence in Viet Nam, assisting Emperor Gia Long in overthrowing the Tay Son Dynasty and bringing missionaries into the country, who played an important role in the relationships which developed between the French and the Vietnamese.

Toward the middle of the nineteenth century pressure was mounting in influential French quarters for positive action to establish a position for

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[1] Harvey Smith, et al, Area Handbook for Viet Nam,(Department of the Army, Washington, D. C., April 1967) pp. 31-57.

France in Vietnam of the kind other European powers enjoyed, or were acquiring, elsewhere in Asia. The missionaries had been roused to an angry militance by the imprisonment or execution of some of their number and by the periodic persecution of Vietnamese Christians. An imperial ban had not halted missionary activity in the country, but it was clear that the authorities would never cease to obstruct Christianity unless forced to do so. Consideration of French national prestige and military advantage were also present, as was the desire for a share of the economic benefits to be had from an aggressive policy in Asia.

In September 1857 all these factors led to France's decision to take Tourane (Da Nang). The city was captured in 1858, and the French thereafter turned their attention to the south. Inflicting heavy losses on the Vietnamese, they took Saigon by July 1861. In June 1862 the Vietnamese court at Hue ceded Saigon and the adjacent area to France and agreed to pay a war indemnity. They also promised not to cede territory to any other power without French permission. The western part of the southern delta, which was virtually cut off from the rest of Vietnam, was annexed by France in 1867, thus completing the territorial formation of what later became the French colony of Cochin China.

The French next turned their attention to the Red River, having found the Mekong unsuitable as a trade route to China because of its rapids. A treaty was signed in 1874 which opened the Red River to French traders, but Chinese pirates largely nullified the value of the concession. In 1883 an expeditionary force brought northern Viet Nam under French control,

and the signing of a Treaty of Protectorate on August 25, 1883, formally ended Viet Nam's independence.

The treaty of 1883 and one of June 1884 established French protectorates over northern Viet Nam (Tonkin) and central Viet Nam (Annam). All of southern Viet Nam (Cochin China) had been in French hands since the conquest in 1867 and now, with the abrogation of what was left of the country's independence, the name "Viet Nam" itself was officially eliminated. In Annam, the emperor and his officials were left in charge of internal affairs, except for customs and public works, but they functioned under the eye of the French, who had the right to station troops in the area. The protectorate over Tonkin made few concessions to the appearance of autonomy, and French resident officers in the larger towns directly controlled the administration.

The final phase of French consolidation was marked by the formation of an Indochinese Union in 1887. Consisting of Tonkin, Annam, Cochin China and Cambodia (a French protectorate since 1863), the Union was administered under a French governor general who was responsible directly to the Ministry of Colonies in Paris. In 1893, Laos, following annexation by France, was also added to the Union.

The basic political structure of French Indochina was completed by 1900. Each of Viet Nam's three regions was treated differently, although basic policy decisions for all usually originated in Paris. Cochin China was administered directly by a French-staffed civil service under a governor and a colonial council. It also sent a representative to the Chamber of Deputies in Paris. The colonial council, legislative body, consisted of both French and Vietnamese members. In the administrative apparatus, only subordinate

positions were open for Vietnamese. In the protectorate of Tonkin, the mandarinate was retained for administrative purposes, but important executive powers were vested in a French senior resident at Hanoi. In Annam, where the emperor was still nominally in power and the mandarinate continued to function, French rule was only a little less direct.

Early in the twentieth century nationalist movements began to develop, initially among urban intellectuals. Japan's victory over Russia in 1905 gave impetus to nationalist sentiment by demonstrating that an Asian nation with sufficient technical knowledge and equipment could prevail over a western power. Despite the watchfulness of the French authorities, numerous anti-French secret societies sprang up, but most of them were loosely organized and had no well-defined political objectives. Nascent nationalism drew its inspiration mainly from outside sources--Europe, China and Japan.

A number of nationalist groups found inspiration in the Chinese nationalist movement. Of these, the best known and most important was the Vietnam Nationalist Party (Viet Nam Quoc Dan Dang--VNQDD). It was established first in 1925 in Canton, then the center of the revolutionary ferment in China, in opposition to the Association of Vietnamese Revolutionary Youth (Viet Nam Thanh-Nieu Cach-Mang Dong-chi Hoi), precursor of the Indochinese Communist Party.

Two years later the VNQDD was also established secretly in Hanoi by Nguyen Thai Hoc, a schoolteacher. Impressed by the Chinese efforts to modernize their country and simultaneously to repel foreign encroachments, Nguyen Thai Hoc's supporters adopted the organization, methods and programs of the Chinese Nationalist Party (Kuomintang), but failed to create an effective

organization within the country. Their greater shortcoming was the lack of an imaginative social program. An uprising staged in 1930 at Yen Bay, northwest of Hanoi, was severely repressed by the French. The VNQDD was nearly destroyed, and many of its surviving members fled to Yunnan in southwest China. They returned to Viet Nam after World War II to confront both the French and the Communists.

After the Yen Bay insurrection, the leadership of the clandestine nationalist movement in Vietnam was taken over by the opportunist Indochinese Communist Party (Dong Duong Cong San Dang), which chose not to participate in that uprising. Formed in Hong Kong in 1930, it united several existing independent Communist groups under the leadership of Nguyen Ai Quoc (Nguyen the Patriot), later known as Ho Chi Minh.

The thoroughness with which the Yen Bay uprising was repressed for a time rendered the more militant nationalists inactive. Some Vietnamese did, however, attempt to advance the cause of national liberation through reforms from above. They looked to the young Emperor Bao Dai as their best hope. Bao Dai had ascended the throne in 1925 at the age of 12 on the death of his father, Emperor Khai Dinh, but did not return to Viet Nam until 1932 after he had completed his education in France.

Bao Dai was greeted with enthusiasm by the Vietnamese, who expected that he would be able to persuade the French to install a more liberal regime. He attempted to reign as a constitutional monarch, according to the terms of the treaty of 1884 establishing the protectorate, and he strove to modernize the ancient imperial administration at Hue.

Among his young collaborators was Ngo Dinh Diem, governor of the Phan Thiet area in Binh Thuan Province, who was given the portfolio of minister of the interior and appointed head of the secretariat of a Vietnamese-French commission which was charged with the responsibility of implementing Bao Dai's reform proposals. When it became obvious that the French had no intention of granting real power to the Vietnamese administration and would make no concessions toward unification of the country, the youthful emperor appeared to lose interest, and Ngo Dinh Diem resigned his official position.

For a brief time in 1936, during the period of the Popular Front government in France, the Vietnamese had hopes that autonomy might be granted. The French Socialists, however, made no important concessions, and the colonial administration continued as before.

After the fall of France in June 1940, the Vichy government acceded to Japanese demands, which ultimately led to the establishment of Japanese controls over all of the French Indochina peninsula.

The Japanese occupation and French reaction to it had the effect of further stimulating nationalist sentiments. Fearing that Japan would capitalize on the strong anti-French feelings of the people, the French administration undertook to liberalize certain of its repressive policies. It improved technical and vocational education programs, opened new schools, and launched a youth movement, presumably in hopes of winning the support of youth groups. It also opened additional civil service posts for the Vietnamese. The French apparently intended, however, to reinforce

the colonial order through these token concessions, while they continued to impose restrictions on nationalist activities.

Nguyen Ai Quoc (Ho Chi Minh), a Communist since 1920 and founder of the united Indochine Communist Party in 1930, was still in the forefront of the Vietnamese Communist movement 10 years later. Allied with and deftly exploiting the non-Communist nationalist groups, Nguyen Ai Quoc eventually emerged as the dominant political figure of the country.

To broaden the social and political bases of its activities, the Communist Party, in May 1941, adopted a policy of collaboration with all non-Communist nationalists. This decision led to the formation of a united front organization, the Viet Nam Independence League (Viet Nam Doc Lap Dong Minh), better known as the Viet Minh.

One of the first actions of the Viet Minh was to form guerrilla bands, under the direction of Vo Nguyen Giap, to operate in Vietnamese territory against the Japanese and the French. He also began implanting agents and setting up intelligence networks in Tonkin. Meanwhile, comparable efforts by the non-Communist groups, beset by factional wranglings, were virtually nonexistent. Although Nguyen Ai Quoc was jailed for his Communist activity by the Chinese authorities in 1942, the Viet Minh continued its vigorous efforts to win popular support.

During the same period, the Chinese, who urgently needed intelligence on Japanese activities in Tonkin, attempted to make use of the non-Communist Vietnamese exiles for this purpose. At Chinese urging, a new organization,

called the Revolutionary League of Vietnam (Vietnam Cach Minh Dong Minh Hoi), usually abbreviated to Dong Minh Hoi, was formed in October 1942 and given financial support by the Chinese Kuomintang. Although all the major nationalist groups--including the Vietnamese Nationalist Party and the Viet Minh--were represented in it, the new organization, without active Viet Minh cooperation, remained ineffective. It was against this background that in 1943 the Chinese released Nguyen Ai Quoc in exchange for his offer to help them. Thereupon he took the name of Ho Chi Minh (He Who Enlightens), presumably to conceal his Communist affiliation from the Vietnamese people.

Ho Chi Minh was expected to work through the Dong Minh and used the funds which the Dong Minh Hoi received from the Chinese Nationalist Government to strengthen his Communist organization. His organization produced some intelligence of use to the Allies, and Vo Nguyen Giap's guerrilla bands engaged in minor forays against the Japanese. In return, Ho Chi Minh received an undetermined amount of small arms, munitions and communication equipment from the United States for counteraction against the Japanese. This aid later formed the basis for his claim that the Viet Minh enjoyed Allied support.

Working in nationalist disguise, Ho Chi Minh effectively strengthened the organization of Communist cells throughout Viet Nam. In the subsequent struggle for leadership in the nationalist movement as the war ended, the superior organization of the Communists enabled him to gain control of the Viet Minh and to claim all the credit for nationalist activities during the war. Capitalizing on the anticolonialist propaganda organized by Moscow, Vietnamese Communists claimed to be fighting only against economic misery

and for national liberation. They were not recognized by Vietnamese as representing an alien force except by those with superior education and keen political insight.

In September 1944 the Tokyo government, alarmed over growing indications of anti-Japanese activities, decided to displace the French and grant independence to the Vietnamese. Initially, this plan was to be executed on April 25, 1945, but the reoccupation of the Philippine Islands by the United States forces in October and the growing awareness that Japan was losing the war advanced the date of the Japanese coup d'etat to March 9, 1945.

At the instigation of the Japanese, Emperor Bao Dai proclaimed the independence of Vietnam under Japanese "protection."

Meanwhile, at Hanoi, the Viet Minh went into action, refusing to support the Bao Dai regime. Ho Chi Minh began to refer to the Viet Minh guerrilla units as the "National Liberation Army" and announced the formation of a Committee for the Liberation of the Vietnamese People, with himself as president. By late August 1945 the Viet Minh partisans and agents gained administrative control over the Tonkin area by a show of force.

Bao Dai, apparently convinced that a united and independent nation offered the only possibility of preventing the return of French control, decided to abdicate. Recognizing only the nationalist character of the Viet Minh movement and and assuming that it had Allied support, he abdicated in its favor on August 25, 1945, and handed over his imperial seal and other symbols of office to Ho Chi Minh.

On September 2, Ho Chi Minh formally proclaimed the independence of Vietnam

and the establishment of the Democratic Republic of Vietnam.

At the Potsdam Conference of July 1945, the Allies agreed that the British were to accept the surrender of the Japanese south of the sixteenth parallel, and the Chinese would perform a similar duty north of it. After World War II the Vietnamese expected the Allies to support their claims to independence. Nationalist China opposed the return To of France of Indochina, apparently to reassert its traditional influence over Tonkin, and, in principle, the United States favored the formation provisional international trusteeship.

In February 1946, a Franco-Chinese agreement was concluded whereby China agreed to the return peacefully to the northern area without arousing intense feelings against themselves, an agreement between France and Ho Chi Minh was signed in March 1946, by which the Democratic Republic of Vietnam was recognized as a "free state" within the Indochinese Federation (yet to be created) and the French Union.

As a result of this agreement, French forces were permitted to land in the North. Bao Dai, who had been acting as high counselor to Ho Chi Minh, was sent on a "goodwill" mission to China where he remained in exile, thus eliminating the possibility that he might provide a rallying point for groups not thoroughly aligned with the Viet Minh.

Differences between the French and the Democratic Republic of Vietnam immediately developed over the question of defining the "free state." A delegation of the Vietnamese representatives, headed by Ho Chi Minh, traveled to Paris to settle differences. The Paris conference was broken up in early June 1946 when a Republic of Cochin China was established in the South under the support of separatist French elements. In September 1946, however,

Ho Chi Minh signed a modus vivendi on behalf of his government--an agreement which he reportedly described as "better than nothing". The agreement was designed to facilitate the resumption of French economic and cultural activities in return for French promises to introduce a more liberal regime.

The modus vivendi did not include recognition of Vietnamese unity or independence and was opposed by many within Ho Chi Minh's regime. French actions to enforce customs controls in October aroused further hostility. In November shooting broke out in Haiphong, and the subsequent French bombardment of the city reportedly killed more than 6,000 Vietnamese. The French demands which followed were so completely unacceptable to the Democratic Republic of Vietnam that it decided to risk a long war of liberation rather than to accept. On December 19, 1946, it launched the first attack on the French in what was to be known as the Indochina War. In this act of resistance against French troops, the Republic had the active or passive support of a majority of Vietnamese.

The war touched off by the Viet Minh attack lasted for 8 years and caused unending misery to the Vietnamese. It was financially and militarily disastrous to the French and resulted in more than 35,000 of them killed and 48,000 wounded. The United States gave the state of Viet Nam military and economic aid, reportedly totaling over $2 billion. Military aid was granted indirectly through France from December 1950 until late in 1954. Economic aid was sent directly to Viet Nam, beginning in September 1951. Large sums were also spent by Communist China and the Soviet-bloc countries on assistance to Ho Chi Minh's regime. The war, which started out as an anti-French struggle, became enmeshed with the worldwide conflict between East and West. During this period the Vietnamese people also witnessed the emergence of two governments, both competing for popular support.

In the early months of 1947, the French military forces reestablished their control over the principal towns in Tonkin and Annam and cleared the road between Haiphong and Hanoi. This forced the Viet Minh to resort to the guerrilla tactics which became the chief characteristic of the war. Ho Chi Minh's armed forces made use of the jungle to neutralize French mechanized mobility and power. By selecting their objectives and retiring when they met superior strength, they presented a problem with which the French could not cope. After three years of fighting, the Viet Minh controlled large areas throughout the country. The French had firm control only in the large cities.

Early in the struggle the French sought to encourage the Vietnamese anti-Communist nationalists to take a stand against the Viet Minh and to cooperate with France, but the effort failed as the nationalists claimed the French would not clarify their policy with respect to future Vietnamese unity and independence. In 1946 some of the anti-Communist nationalists in Nanking, China, formed a Front of National Union of Vietnam and appealed to Bao Dai to return from exile in Hong Kong and head a national government. The French, seeing another opportunity to make the nationalists an effective counterforce against Ho Chi Minh, offered Viet Nam "liberty within the French Union." Bao Dai, apparently fearful of becoming a pawn of the French, cautiously agreed only to represent Viet Nam in negotiations. Violent Viet Minh reaction to these maneuvers included the assassination of prominent nationalist leaders.

Negotiations with France continued for two years, but by June 1949 France finally approved of limited independence for "the State of Vietnam" within the French Union. Bao Dai assumed the role of chief of state, but the principal nationalists (including Ngo Dinh Diem) failed to unite behind him, since they claimed that the French did not offer real independence. Although the

new government was permitted internal autonomy and an army of its own, strong safeguards to protect French nationals and economic interests were maintained, and the foreign policy of the new state was coordinated with that of France.

In the meantime, Ho Chi Minh rid his coalition government of the moderates and nationalists whom he had accepted earlier and showed himself to be completely Communist. In March 1951 the Indochinese Communists Party (dissolved in 1945) was revived as the Workers Party (Dang Lao Dong). Propaganda emanating from the government, however, continued to be solely nationalistic in tone.

After the defeat of the Chinese Nationalists by the Communists in China in late 1949, Communists China became the first state to recognize the North Vietnamese regime as the legitimate government of all Viet Nam. Soviet-bloc countries quickly followed suit. In early 1950, after North VietnNam began to receive assistance from Communist China, offensive action was initiated against the French Union forces composed of French as well as Vietnamese soldiers. In 1951 the advance of the Communist forces was temporarily halted with the aid of American equipment, but in 1952 the Communists started a new offensive in several areas. Vigorous counterattacks brought no decisive results, and a military stalemate followed; where tanks could go, the French Union forces held, but in the mountains and in the mud of the rice paddies Ho Chi Minh consolidated his control.

In February 1950, Great Britain and the United States recognized the State of Vietnam headed by the ex-emperor Bao Dai as the legitimate government. When France concluded agreements with Laos and Cambodia similar to that with Viet Nam, the three countries became the Associate States of Indochina and where accorded diplomatic recognition by more than 30 other nations. In May

1950 the United States announced a decision to give aid to Bao Dai through France, and a United States Economic Mission arrived in Saigon. In September 1951 a United States-Vietnamese agreement for direct economic assistance was also signed.

In its efforts to win popular support, the Bao Dai regime was unsuccessful. Confronted with a choice between French colonialism and the Communist-led nationalist movement, many Vietnamese, attracted by its appeal for independence and unit, tended to side with the Viet Minh organization.

While the military battle was raging, steps were being taken to bring a negotiated end to the Indochina War. France was admittedly unable to continue the war, and Ho Chi Minh, under apparent Sino-Soviet pressure, had let it be known that he was ready to discuss peace. In February 1954 the Big Four (France, Great Britain, the Soviet Union and the United States) powers at Berlin agreed that a conference should be held to seek a solution for the Indochina War and Korea.

On April 28, 1954, two days after the opening of the conference at Geneva, a Franco-Vietnamese declaration, proclaiming Vietnam to be unequivocally sovereign and independent, was made public. It was only after May 8, however, that the conference began focusing its attention primarily on Indochina. The immediate cause was the decisive French defeat at Dien Bien Phu at the hands of the Viet Minh forces on May 7 and the resultant popular pressure in France for a rapid conclusion of the war. The Indochinese phase of the conference was attended, under the cochairmanship of Great Britain and the Soviet Union, by the representatives of the United States, France, the United Kingdom, the Soviet Union, Communist China, the State of Viet Nam, the Democratic Republic of Viet Nam, Cambodia and Laos.

Final negotiations for armistice were conducted directly between the French High Command and Ho Chi Minh's People's Army High Command. A truce agreement covering the territory of both North and South Vietnam was signed on July 20 between the two High Commands. Separate truce agreements were also conluded for Cambodia and Laos, respectively.

The agreement for Viet Nam fixed a provisional military Demarcation Line roughly along the seventeenth parallel and provided for the total evacuation of Viet Nam north of the Demarcation Line by the military forces of the French and the State of Viet Nam, as well as for the evacuation of the South by the Viet Minh forces. It also provided for a period of 300 days during which freedom of movement was to be allowed for all persons wishing to move from one sector to the other. Under the agreement, the introduction into Viet Nam of any troop reinforcements and additional military personnel was prohibited except for rotation purposes; imports of new weapons were similarly limited to replacement levels. It also imposed restrictions on the establishment of foreign military bases, and on the participation of both North and South Viet Nam in any military alliance. Finally, the agreement provided for the formation of an International Control Commission, with representatives from India, Canada and Poland, to supervise the implementation of the truce arrangements. In addition to the agreement, a Final Declaration, dated July 21, of the Geneva Conference provided for the holding of general elections throughout North and South Vietnam in July 1956 under the supervision of the International Control Commission with preliminary discussion to begin in July 1965.

The armistice agreement was reached over the objections of the State of Viet Nam, which did not sign it. It vainly protested the manner in which the

truce was arranged, as well as its terms, particularly those relating to the partitioning of the country. It demanded that the whole country be placed under the control of the United Nations until conditions warranted the holding of free general elections. It also objected to the Final Declaration, protesting that the French High Command arrogated to itself, without prior consultation with the State of Viet Nam, the right to fix the date for elections.

The United States did not concur with the terms of the truce agreement or with the Final Declaration. In a unilateral statement issued on July 21, however, the United States representative declared that his country would refrain from the threat of or use of force to disturb the provisions of the agreement and of the Final Declaration and that it would view any renewal of aggression in violation of the agreement with grave concern as a threat to international peace and security. With regard to the provisions relating to the elections, the United States expressed its continuing determination to seek unification through free and fair elections, to be conducted under the supervision of the United Nations. It further reiterated its traditional position that all peoples are entitled to determine their own future and that it would not join in any arrangement which would hinder the realization of such a principle.

France then proceeded to complete the transfer of the remnants of its administrative and military control to the State of Viet Nam with its capitol at Saigon. The government of Ho Chi Minh, seated at Hanoi, moved steadily to achieve its program of communizing north of the seventeenth parallel. Despite the cease-fire agreement, a well-organized Viet Minh underground network was deliberately left behind in the South, especially in the jungle regions in the southern Mekong Delta and along the Cambodian and Laos border regions where

French Union forces had not been able to establish effective control. This underground network formed the nucleus of subsequent Communist insurgency directed against the Saigon regime.

THE PROBLEMS OF A NEW COUNTRY

1954-1958

Cessation of the Indochina War in 1954 left the Associated States of Indochina divided into four countries: Cambodia, Laos, North Viet Nam and South Viet Nam.

Signing of the Geneva Accords in July, 1954, set the South Vietnamese Government adrift from the traditional organizational structures which guided its banking system, its foreign policy, its educational, agricultural, and public health systems.

Experienced French administrators and technicians who advised previous governments were leaving. Communist activities, although clandestine, continued. The Vietnamese civil administration was weak and the national army disorganized. The Chief of State, Bao Dai, called on Ngo Dinh Diem to form a government, but although in office, he lacked control, especially over the army. In addition, three powerful sects, each with its own army, formed opposition to the Diem government.

After a time, Diem brought the army under control and after six months eliminated serious opposition from the Binh Xuyen, one of the sects threatening the stability of the new government. Fighting against the Cao Dai and Hoa Hao religious sects continued for some time before it was contained.

Diem turned his attention to his own status and called for a referendum to allow Vietnamese to choose between Diem and Emperor Bao Dai. A referendum was ordered for October 23, 1955. Diem's bid to replace Bao Dai was successful. Official Vietnamese government records showed that 97.8 percent of the voting population participated and that 98.2 percent of the

voters chose to replace Bao Dai with Diem.

Refusing to recognize the provisions of the Geneva Accords which called for elections in 1956, Diem proceeded to form a legislative branch of the government. A constitution was drafted. Election of a 123-man unicameral National Assembly was held on March 10, 1956. Amidst charges of rigged elections, Diem had succeeded in setting up both the presidency and the National Assembly in an effort to strengthen the central government.

During this tumult of warring factions and political turmoil, U.S. economic assistance officers attempted to help the government with some of the concrete problems it faced in institutional development, refugee care and resettlement and training of administrators and technicians for the government.

The United States had been providing both military and economic assistance to Viet Nam since 1950. This aid was provided in cooperation with the French government to the Associated States of Indochina, including the northern and southern portions of Viet Nam. The Indochinese economic aid effort was designated the Special Technical and Economic Mission (STEM). This mission was limited both in scope and in budget. It included such projects as development of marine fisheries, improvement of the port of Saigon, civil aviation, health services, adult literacy training and development of government information services.

Signing of the Geneva Accords prompted the establishment of the United States Operations Mission (USOM) to deal exclusively with the problems of the newly created Republic of South Viet Nam. The new country was beset by numerous problems which created in turn new demands

upon the U.S. foreign aid program. The first and most urgent human problem to be dealth with was the arrival of 900,000 refugees from North Viet Nam within the first 300 days of South Viet Nam's existence. Concurrently, the birth of this new nation required massive military support to protect it from external as well as internal enemies. The external threat came from the recently-created North Viet Nam which, it was felt, might resort to invasion in order to forcibly integrate the South into the North. From within, the new South Vietnamese government faced threats from Communist elements linked with the North Vietnamese regime, which remained in the South and formed the nucleus of what later was known as the Viet Cong. In addition, three separate movements within Viet Nam challenged the authority of the government: the Hoa Hao and the Cao Dai religious sects and the Binh Xuyen, generally conceded to be a force of armed bandits with a strong operational base in the Chinese section of Saigon, Cholon. The financial burdens of providing for the refugees and for sufficient military forces to deal with both the external and internal military threats were too great for the war-ravaged economy of South Viet Nam to bear. The void was filled by U.S. economic assistance.

A sizeable commercial import program was generated by the need to care for refugees and to provide internal and external security for South Viet Nam. During its first year as a separate nation, the national budget amounted to 537 million U.S. dollars. Revenues totaled 146 million, leaving a 73% gap. The commercial import program filled this gap. The U.S. Operations Mission (USOM) initiated the program to bring goods into the country which were sold for piasters. The piasters were given to the Republic of Viet Nam to cover its expenses.

For the U.S. fiscal year 1955, $320 million was given by the U.S. to South Viet Nam. Of the total, 73% or $234.8 million was given for military programs, 18% or $55.8 million for refugees and 9% or $29.7 million for economic and technical assistance.

USOM created a Trade Division in April, 1955 to handle the burgeoning commercial import program. This program was utilized as the chief economic tool for stabilization through 1975.

The budget gap was narrowed in 1956. The national budget was decreased and revenues increased. The budget of 392 million dollars was offset by normal revenues of 182 million dollars, 48% of the budget.

USOM operations moved gradually from refugee and military funding emergencies of the new nation in 1954 and 1955 to programs of technical and economic projects aimed at modernization of the government apparatus and the economy. By mid-1958, the emergencies were generally contained, peace was a momentary reality, and the stage was set for economic progress.

The pressing needs of Viet Nam, as seen by USOM during the first two years of independence, were the development of large numbers of skilled technicians and administrators in most professions and in government. A problem of equal importance was the reestablishment of Viet Nam's agricultural and industrial production, both sectors having deteriorated during World War II and nine years of the Indochina War.

Under the terms of the Paris Accords, Vietnamese citizens were free to move from the North to South Viet Nam or from the South to the North for 300 days after the Accords took effect. USOM dealt with the movement from the North.

More than 800,000 refugees from the north, whose subsistence was provided by USOM, had been transported and housed in reception centers in the south. The massive operation cost USOM 55 million dollars, including 11 million dollars for a U.S. Navy sealift. By FY 56, with a budget of $37 million, the refugee effort concentrated on resettling the new arrivals from reception camps to designated villages which had been surveyed earlier to test their economic potential. Through the Commissariat for refugees, USOM provided funding for specific projects in these villages to allow the refugees to re-establish themselves as farmers, artisans and small businessmen. The refugee operations were largely completed by mid-1957.

By 1956, USOM Viet Nam had begun to orchestrate a program of economic assistance aimed at helping Viet Nam regain economic stability, improve its agricultural production, increase exports, improve revenue collections, and restore its badly damaged and neglected physical infrastructure, as well as train administrators and technicians.

Total economic assistance for FY 58 amounted to $190.5 million, almost 6.7 billion piasters. Economic aid from 1954 through 1958 totaled a billion dollars.

U.S. aid direct hire personnel from the International Cooperation Administration (ICA) grew from 125 in 1954 to 187 in 1958. Most of these employees were technicians, such as agriculturists. educators and medical specialists; 93 in 1954 and 152 in 1958. In addition, there were numbers of Americans working in Viet Nam under ICA contracts, and addressing specific technical problems of the nation.

Expanding from its goals of 1956, USOM had developed 42 joint projects with the Vietnamese government by mid-1958. These projects were distributed in seven major areas: agriculture and natural resources, 11 projects; industry and mining, 4; public works, 11; health services, 3; education, 6; public administration, 5; and information, 2.

A significant part of the public administration effort was contracted to Michigan State University, which maintained a group of technicians in Viet Nam from 1955 until 1962. Viet Nam lacked trained government personnel. Its organization and procedures were antiquated; it lacked inter-agency coordination; and it lacked equipment and supplies. USOM study of these problems led to adoption of a limited program to improve selected segments of the government including the police force (described in a subsequent section). Those public administration activities other than police development were:

Improvement of organization, communications and security in the office of the Presidency.

Technical advice and material assistance to the civil service agency.

Survey of public finance agencies.

Assistance to the National School of Administration.

In-service training for civil servants.

Expansion of civil service training abroad.

Michigan State University provided a 30-man team of experts to study and suggest improvements in these areas, as well as administrative improvement of the police system.

The Michigan State group began its operations in May 1955. It

conducted in-depth studies of local governments in 21 provinces. The Government of Viet Nam began to move towards implementation of some of these recommendations. Michigan State studied and made recommendations on reorganization of field operations in the Refugee Commission. It also made studies and recommendations on the Departments of Agriculture, Education, Agrarian Reform, Land Registration, the Commission for Civil Action and the departments of National Economy and Information.

At the suggestion of Michigan State, the school of administration was moved from Dalat to Saigon and redesignated the National Institute of Administration. This institute served as the chief training agent for middle management officials in Viet Nam through the balance of the U.S. experience there.

Studies and recommendations on reorganization of the Office of the President were also submitted to the government. In-service training was initiated for civil servants as well.

Participant training abroad, administered by USOM's Public Administration Division, increased: 2 participants in 1952, 38 in 1953, 72 in 1954, 101 in 1955 and 172 in FY 1956. Michigan State selected 10 students to study at the university during its first year of operation.

The beginnings of U.S. foreign aid assistance to the Vietnamese civil police were fostered by Michigan State University. An eight-man team arrived in Viet Nam in the summer of 1955 with the mission of assisting in training, reorganizing and equipping the police. This team surveyed existing law enforcement forces, then proceeded with its

assignment. A National Police Academy began operations on November 8, 1955, graduating 606 police officers in its first months of operation.

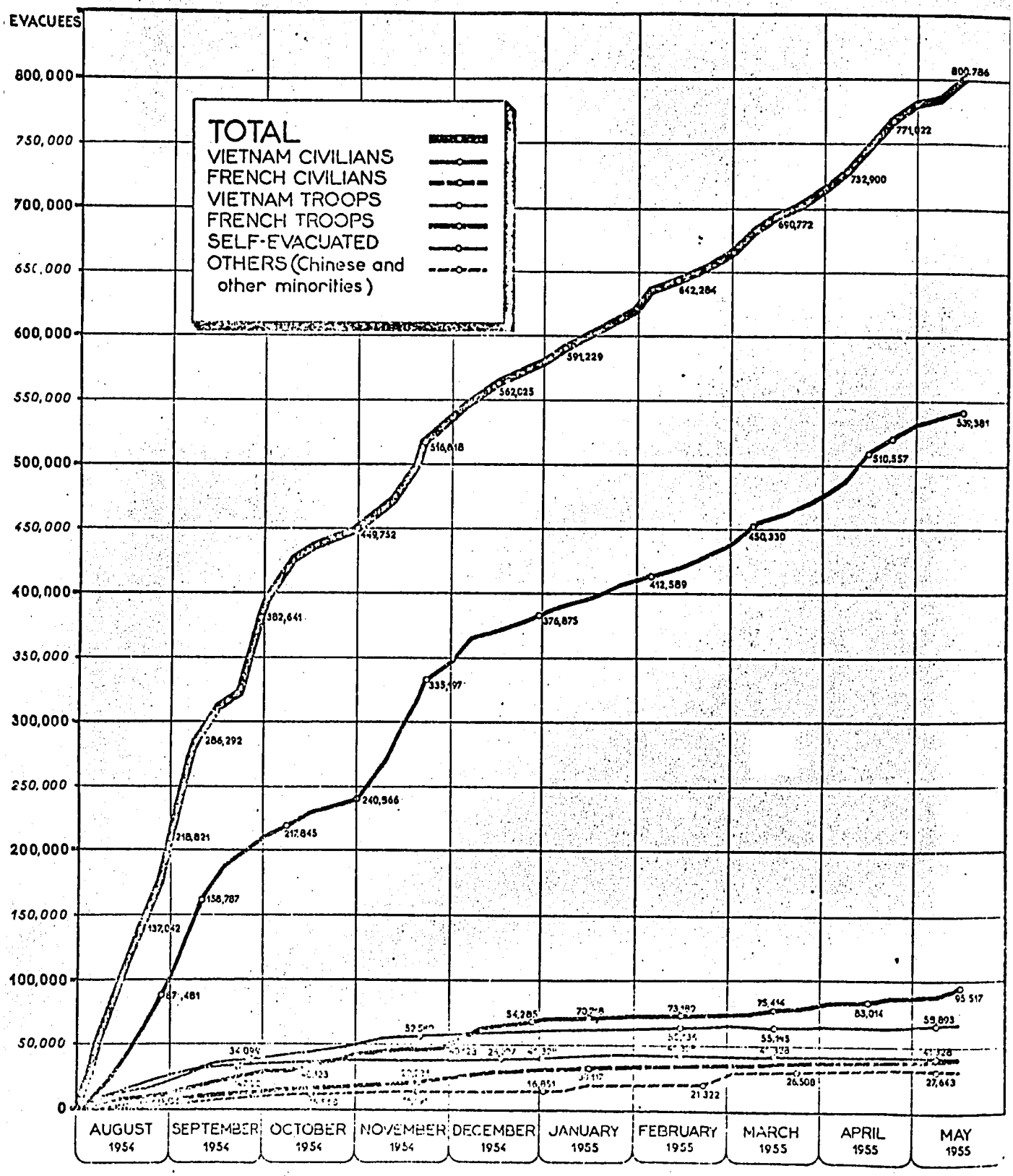
The Vietnamese civil guard, a para-military force, received attention from Michigan State. A training program which included both military and police subjects graduated 12,000 guardsmen in the first 11 months of operation. When Michigan State's operations ceased in 1962, USOM's public safety advisors were increased as the problems of insurgency increased in South Viet Nam.

During the entire Viet Nam experience, A.I.D. committed more of its personnel to assignments in rural areas than at any other point in its history. This program to place A.I.D. officers in the field began in December 1954, with establishment of the Field Service Division. Its mission was to provide the USOM (later USAID) with direct liaison with the regional and provincial governments of Viet Nam with particular interest on areas where refugees were to be resettled. The Field Service Division also provided reports on projects in execution as well as proposals for new development projects. It helped coordinate U.S. and Vietnamese efforts in 162 resettlement projects, located in 316 villages and involving 600,000 refugees. Most of the effort of the Field Service Division was concentrated during this period on refugee-related problems. Field advisors also assisted the Civic Action cadres, groups of government employees which attempted to stimulate local activities at the village level. The Civic Action cadres, although later disbanded, were forerunners of the Rural Development cadre teams which were to play a large role in A.I.D. rural development affairs in future years.

USOM proposed that its Field Service Division serve to assist civic action and rural development activities at the province level in 1958. But the Vietnamese Government rejected the proposal on grounds that the province chiefs were too busy with other affairs. So the Field Service Division was disbanded. Four years later, when the insurgency reached serious proportions, USOM fielded another group of aid officers at the province level who provided advice and assistance in rural development, public safety, agriculture and matters of civil counterinsurgency assistance.

EVACUATION FROM NORTH-VIETNAM

AUGUST 19, 1954 TO MAY 19, 1955



SCHEDULE OF JOINT VIETNAMESE-AMERICAN PROJECTS

As of FY 1958

PROJECT TITLE	Fiscal year begun	Estimated completion of aid
AGRICULTURE AND NATURAL RESOURCES		
— Agricultural Extension and Information	'55	'61
— National Agricultural College and General Training	'54	'60
— Research in Diversified Crops	'55	'65
— Small Water Control System	'55	'61
— Administration of Agrarian Reform	'55	'58
— Land Development (Rural Resettlement)	'57	'60
— General Livestock Development	'56	'61
— Agricultural Economics and Statistics	'57	'64
— Agricultural Production Credit	'55	'62
— Agricultural Cooperatives		
— Development of Marine Fisheries	'52	'61
INDUSTRY AND MINING		
— Nong-Son Coal Exploration Survey	'57	'58
— Industrial Development Center	'57	'64
— General Industrial Survey		'58
— Handicraft Development	'57	'62
PUBLIC WORKS		
— Highways and Bridges	'55	'63
— Viet-Nam Railways System	'57	'62
— Saigon Port Loan	'52	'57
— Waterways of Viet-Nam	'55	'60
— Dredging the Canals of Viet-Nam	'57	'60
— Telecommunications Engineering (Thailand, Viet-Nam and Laos)	'55	'65
— Micro-Wave Telecommunications System, South Viet-Nam	'66	'65
— Electric Power Development	'56	'63
— Rural-Urban Water Supply	'56	'60
— Saigon-Cholon Water System Survey	'55	'58
— Improvement and Expansion of Aeronautical Ground Facilities	'51	'62
HEALTH SERVICES		
— Malaria Eradication Program	'55	'63
— Health Services Development	'52	'61
— Medical and Allied Education, including Nursing	'57	'62
EDUCATION		
— Technical-Vocational Education	'55	'64
— Elementary Education	'55	'62
— Secondary Education	'57	'60
— Teacher Training and Higher Education	'53	'64
— Adult Literacy Training	'51	'59
— Textbook Development and Special Services	'56	'60
PUBLIC ADMINISTRATION		
— Central Supply System	'56	'60
— National Institute of Administration and MSU Administrative Support	'55	'62
— National Institute of Statistics	'56	'63
— Training for Public Administration Participants	'56	'65
— Civil Police Administration	'56	'61
INFORMATION		
— Development of Government Information Facilities	'51	'61
— National Radio Network	'56	'61

A PERIOD OF DEVELOPMENT

1959 - 1961

As 1958 closed, emergency problems of earlier years were on the wane and USOM Viet Nam had begun to expand its attentions towards the serious business of helping the Government of Viet Nam with its pressing development problems. U.S. economic assistance from July, 1954, through FY 1958 had amounted to almost a billion dollars. U.S. economic assistance for FY 1959 was 182 million dollars, equal to 6.37 billion piasters at the official exchange rate of 35 to the dollar.

Most of this assistance had gone to support the Commodity Import Program (CIP) which allowed the Vietnamese Government to balance its budget and conserve its import expenditures by accepting essential goods paid for by the U.S., and selling them through commercial channels for piasters.

A sustained effort against communist subversion appeared to have reduced that disruptive force by early 1959 and more land was being put into production. In 1957, the Government of Viet Nam began a land development program to reshuffle families living in overcrowded areas into areas where land was plentiful, but not yet developed. Most of these land development centers were in the sparsely populated mountainous Highlands of South Viet Nam. USOM allocated VN$350,000,000 for land development in 1959 and 45,000 people were resettled, bringing the total since 1957 to 125,000. By 1960, 121 villages accommodating 159,000 farm people had been established.

Four million metric tons of rice were harvested in 1958, which made 250,000 tons of rice available for export.

Some progress was made in industrialization and the railroad was reopened from Saigon to Dong Ha, near the 17th parallel.

Viet Nam reduced its imports from 225 million dollars in FY 1958 to 208 million in FY 1959.. Exports reached $55 million.

USOM counted 48 active projects for South Viet Nam in 1959. There were 16 institutional contractors active in Viet Nam under U.S. foreign aid contracts, including Michigan State University's team which had continued its work in government and police administration and training since 1955. The number of direct hire employees stood at 199.

The Viet Cong began to increase terrorism later in 1959. But it had not gained sufficient impetus to disrupt either USOM or Vietnamese. Government civil operations to a significant degree, as it would do later.

Through FY 1960, 1.3 billion dollars in foreign aid funds had been supplied to South Viet Nam by the United States. Of the total during those six years, 87 percent had been utilized in the Commercial Import Program, which allowed the Vietnamese Government to meet its obligations. The government lacked sufficient internal revenues and was forced to support a relatively large army. The remaining 13 percent, 166 million dollars, provided development project aid. Transportation received 76 million of the project aid.

In spite of growing communist subversion, Viet Nam made substantial gains in agriculture, industry and social welfare.

Through its agricultural assistance, USOM Viet Nam aided the Vietnamese government in raising the yield of rice paddy from 1.9 tons per hectare in 1956/57 to 2.2 tons in 1959/60. But it also gave great emphasis during this period to crop diversification in a country which was heavily dependent on only rice and rubber.

U.S. economic assistance played an important role in developing Viet Nam's education system, badly neglected during the war years. As a result, elementary enrollment stood at 1,500,000 on 1 September 1, 1960, a surprising increase from only 400,000 four years before.

Exports rose by $20 million in 1960 to $75 million. There were many positive progress indicators in 1960. And progress was to continue in a number of key areas as late as 1963 and 1964.

But the Viet Cong insurgency which began with isolated acts of terrorism in 1959, was becoming a problem in 1960. On December 12, the Viet Cong campaign began in earnest with the formal establishment of the National Front for Liberation. Viet Cong activity increased in 1961. The U.S. Government was aware of the problem and Vice President Lyndon Johnson, visiting Saigon in May, 1961, promised to increase aid to the government. Additional Viet Cong agents were infiltrated from Laos in the summer, further bolstering Viet Cong efforts.

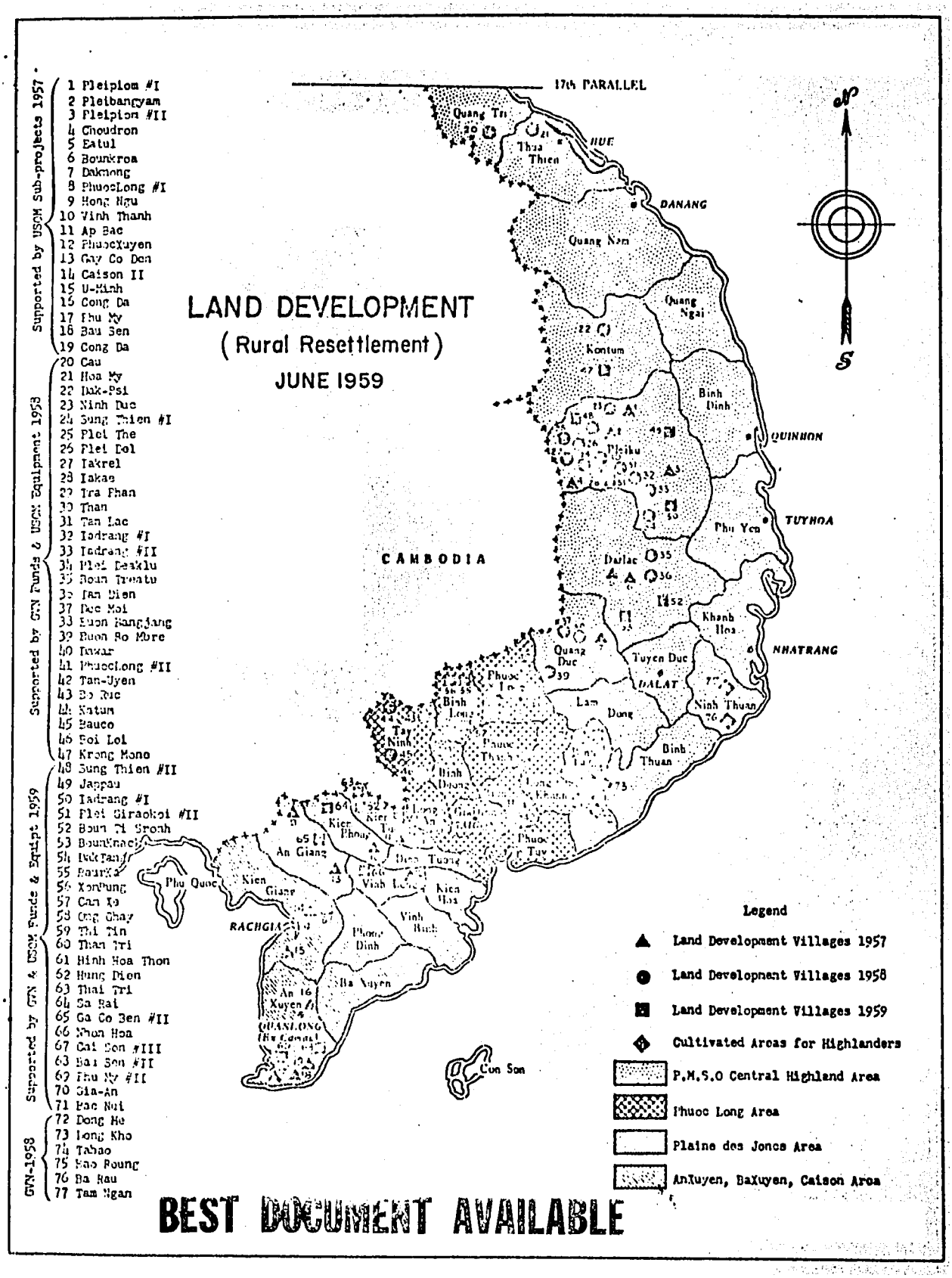
President John F. Kennedy decided to increase military assistance to the beleagurered country and by 1962 USOM itself was engaged in executing civil programs designed to assist the Vietnamese Government to deal with the insurgency.

The era of relative peace was coming to an end. The high hopes of peaceful development which were engendered by the formation of a free South Viet Nam in 1954 and by moderate successes in the development field since, were also fading. From 1961 on, USOM Viet Nam shifted its operations from those of stabilization and peaceful development to the realities of a period of war which would continue, except for one relatively peaceful interlude from 1969 to 1971, until Saigon fell to the North Vietnamese Army on April 30, 1975.

The momentum of development did not abruptly stop in 1960 or 1961. Rice production, only 2.8 million tons of paddy in 1955, reached 4.9 million tons six years later, in 1961, and 5.2 million in 1963, the last year that Viet Nam would export rice for some time. The country continued to develop even though it was clear that an insurgency of growing proportions had sprung from the isolated terrorist activities in 1959.

LIST OF PROJECTS ACTIVE IN FY 1960

Development of Agricultural Extension Service
Improvement of Agricultural Education
Crop Development
Improvement of Irrigation and Water Control
Administration of Agrarian Reform
Land Development
Livestock Development
Improvement of Agricultural Economics and Statistics
Improvement of Agricultural Credit and Cooperative Organizations
Fisheries Development
Nong Son Coal Development
Telecommunications
Electric Power Development
Tan Mai Wood Panel Plant
Expansion of Rural-Urban Water Supply
Development of Small Industry
Sugar Technicians Training
Highway and Bridge Construction
Railway Administration Improvement
Rehabilitation of Inland Waterways
Development and Expansion of Aeronautical Ground Facilities
Labor Leader Training
Malaria Eradication Program
Health Services Development
Expansion of Medical Education Facilities
Improvement of Nursing and Allied Education
Expansion and Improvement of Technical Vocational Education
Expansion and Improvement of Elementary Education
Expansion and Improvement of Secondary Education
Expansion and Improvement of Teacher Training and Higher Education
Scholarships for Leadership Training
Instructional Materials Development
Improvement of Municipal Police and Surete
Strengthening Civil Guard
Establishment of In-Service Training
Modernization of Accounting and Auditing Systems
Improvement of Banking, Insurance and Taxation
Development of a Government Supply System
Development of the National Institute of Statistics
Improvement of the Public Service
Training for Community Development
Expansion of Government Information Facilities
Establishment of National Radio Network
Peaceful Uses for Atomic Energy
Marine Research in South China Sea
Improvement of English Language Training



BEST DOCUMENT AVAILABLE

LIST OF ICA-FINANCED INSTITUTIONAL CONTRACTORS ACTIVE IN VIETNAM IN FY 1960

Contractor	*Activity*
ɔmas B. Bourne Associates	Tan Son Nhut Airport Survey
pitol Engineering Corporation	Highway and Bridge project
ntel, Mann, Johnson and Mendenhall	Engineering Study and Hydrographic Survey of Canal System
nson, Drake, and Piper of Viet-Nam	Highway and Bridge projects
well and Co.	Electric Power System
evision Associates of Indiana	Regional Telecommunications Network
rza Engineering Co.	Regional Mekong River Study
'higan State University	Public Administration Counseling
iversity of Michigan	English Language Instruction (Regional)
iversity of California (Scripps Institute)	Marine Research of South China Sea
Intosh Laboratories	Radio Viet-Nam Project
ɾrnational Voluntary Services, Inc.	Technical Assistance to various Agricultural projects
nt Commission on Rural Reconstruction in China	Development of Farmers Associations and crop improvement
and Zimmerman, Inc.	Industrial Development Center
'sell Wright Associates	Handicraft Development
Consultants, Inc.	Small Industry Development

AN ERA OF CO[illegible]
1962 - 1966

In 1962, USOM Viet Nam shifted emphasis from its traditional tasks in economic development to one of civil counterinsurgency as the entire U.S. mission began to focus on the growing insurgency. By that year the insurgency had become a serious threat to the stability of the Vietnamese government. It may be useful to review some of the events in Viet Nam from 1954 to 1962 which led to this new direction.

The end of the war in Indochina in 1954 suggested that peace might logically follow in the footsteps of war. But there was a certain amount of communist activity from the beginning which hinted, at least in hindsight, of the greater violence to come. By 1959, it became clear that the Viet Cong were stepping up violence to some degree in the south. However, the direct response to guerilla warfare lay without the specific as well as the traditional program considerations of U.S. economic asisstance programs. Responsibility for response lay with the South Vietnamese government and from the U.S. side with the Military Advisory Assistance Group (MAAG). In 1960 the U.S. MAAG helped the Vietnamese Army form sixty Vietnamese ranger companies trained for antiguerilla warfare. Later in the year, MAAG prepared an organized pacification plan. This plan was not placed into execution but similar plans would follow in later years from these early beginnings.

In addition to the glum fact that the insurgency was growing there were also signs that certain elements of the Vietnemese population were becoming dissatisfied with leadership of President Ngo Dinh Diem. There was an unsuccessful coup in December 1960. The dissatisfaction between President Diem and elements of the population would grow for three years until November 1963 when he was deposed by a coup and killed.

On December 12, 1960 the Viet Cong formally announced the establishment of the National Front for Liberation and terrorist activity continued upward.

In Washington an interagency Viet Nam Task Force was formed under the State Department and included representation from the Defense Department, A.I.D., the U.S. Information Agency (USIA) and the Central Intelligence Agency (CIA).

Two study missions were dispatched to South Viet Nam in 1961. One led by Eugene Staley the other by General Maxwell Taylor. Both groups called for political and administrative reform, new economic programs for rural areas, greatly increased U.S. advisory and supply efforts and a larger, more effective Vietnamese military establishment. Those areas dealing with economic programs and administrative reform would provide the basis for A.I.D.'s involvement in counterinsurgency as it developed in the early 1960s.

Both A.I.D. and the MAAG began enlarging their staffs. MAAG had doubled its size in 1960 to 685 advisors and leaped to 10,000 advisors by the end of 1962. By December 1962 USOM Viet Nam and MAAG had advisors at the province level throughout Viet Nam. For A.I.D. this represented the second time it had fielded its officers at the province level. But in 1962 the mission was quite different than that of the 1954-58 period. It was targeted specifically on the civil aspects of counterinsurgency with the hamlet emphasized as the basic recipient of assistance programs managed and monitored from the province level.

At the Saigon level USOM created the Division of Rural Affairs (redesignated the Office of Rural Affairs in June 1962) to command its counterinsurgency field operations. This altered the USOM staffing pattern considerably placing a large element of A.I.D. officers in the area of field operations with sub-offices established in Viet Nam's four military regions as well as in the provinces. By 1964 the Office for Rural Affairs (ORA) and the Office for Program and

Planning were the two main offices of the USOM organization. ORA encompassed the technical divisions and provided counterinsurgency and project assistance with emphasis on counterinsurgency. The long range goal of this effort was to gain the support of the rural people for the government of Viet Nam. The program office provided economic expertise, program planning assistance and nonproject economic assistance, including the Commercial Import Program which remained in terms of dollar input the largest U.S. aid program in Viet Nam.

USOM began directing more attention to the National Police in 1962. As the Michigan State University police advisory contract expired USOM's public safety division began gearing up for the task of developing a national police system which could handle not only those elements of law enforcement which are normally associated with police work but also those aspects of counterinsurgency which the police would be expected to play a major role. Programs during this period included establishement of an extensive radio communications system to assist police in making contact with and serving larger segments of the rural population. The Public Safety Division saw Viet Nam's force of 22,000 as only about a thrid of the size needed to provide law and order in rural as well as urban areas and assisted the National Police in training additiional officers with which to expand the force.

By 1964 there were 58 direct hire police advisors on station in South Viet Nam. During the coming years this number would increase many times as public safety advisors extended their advisory effort to each province in South Viet Nam. Total aid dollar funding for National Police grew from 265,000 in FY 55 to $3.5 million in FY 62 and rose sharply to $20.7 million in 1966 as USOM expanded both its program support and its technical staff. By May 1, 1967 the National Police strength reached 65,700.

The Vietnamese goverment,which had suspended village elections in 1956, began a program of local development in 1959 known as the Agroville program. This plan was discontinued in 1961 and the Vietnamese began experimenting with the "strategic hamlet" concept. The decision to concentrate pacification strategies at the hamlet rather than the village level hardened during this period. Not until 1969 did the Vietnamese and their American allies conclude that the village level was a more profitable level for government attention. Hamlet pacification without utilizing the village structure presented a formidable problem in that there were 12,000 hamlets in Viet Nam, a number which required more personnel and material support than the government, even with general American support, could muster.

The Vietnamese government provided vastly inflated figures to the U.S. on the progress of the strategic hamlet program, which constituted the basis of counterinsurgency activities through 1964. By November 1963 the government of Viet Nam (GVN) claimed 8,544 strategic hamlets had been completed and another 1,051 were under construction. By May 1964 a reevaluation of effective hamlets concluded that in truth there were only 4,207 completed hamlets. The fall of President Diem sealed the fate of the strategic hamlet program in any case. During the months that followed his demise the pacification program remained stagnated for the balance of 1963 and through 1964. There was an enormous amount of activity spent in planning new approaches to counterinsurgency during 1964.

From the fall of President Diem in November 1963 until the installation of Premier Nguyen Cao Ky on 19 June 1965 a plethora of governments attempted to rule South Viet Nam, some lasting only a few days or weeks. Animosities developed over whether the government should be military or civilian. Buddhist

factions stirred in protest of military government but the strength of government during this period was directly related to the Army which represented the prime political force of that time. Hence, after a succession of generals and civilians had held the office of premier, that office finally fell to Air Marshal Ky, who held power until 1967. National elections in 1967 caused Ky to lose his prime position as Premier to General Nguyen Van Thieu, who was chosen over Ky as candidate by the military leaders. Ky ran for office as vice president. Although they received only a little more than one-third of the votes cast they received a simple majority and took office. Thieu remained in that office until the final days of the war when he resigned and turned over the Presidency to Tanh Van Huong, who had subsequently replaced Ky as Vice President.

The buildup of U.S. tactical troops began in 1965 and by the end of the year there were 184,000 American troops in South Viet Nam. Another significant event of that year was the formation of the Ministry of Rural Development (MORD), sometimes called the Ministry of Revoluntionary Development in English. This ministry, which controlled a growing force of cadremen working at the hamlet level, became the focal point for civil counterinsurgency within the Vietnamese government. Through this ministry USOM's Office of Rural Affairs found a suitable counterpart for its counterinsurgency and technical project activities until 1968 when MORD was succeeded by the Central Pacification and development Council as chief coordinator for pacification (counterinsurgency).

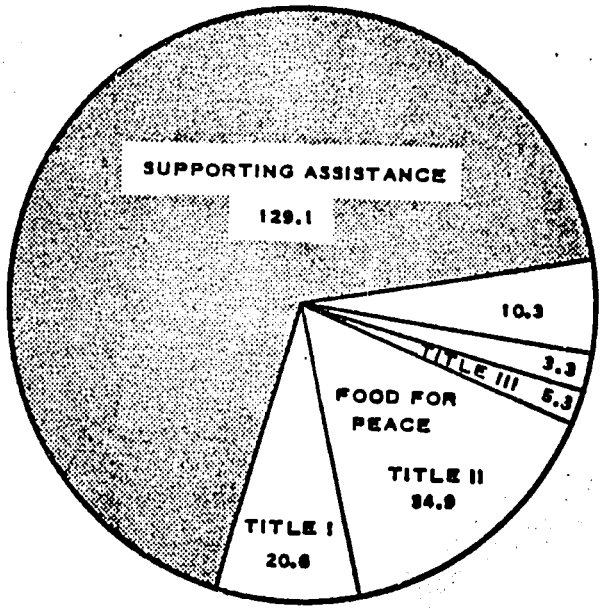
In 1966 USOM Viet Nam, which was redesignated USAID Viet Nam, joined with MORD to produce a specific plan aimed at improving the delivery of government services at the local levels and of expanding administrative, agricultural. educational, public health and other public institutions particularly at the

hamlet level with some projects at the province level. The program was hampered by its newness and by the inexperience of the thousands of cadremen who had been recruited to serve as catalysts at the hamlet level. The Viet Cong,by now in full swing against government pacification programs, provided another major hindrance, killing cadremen and destroying pacification projects. The program attempted to deal at the hamlet level but left most hamlets of Viet Nam untouched by any government program since forces could be mustered to protect and work in only several thousand hamlets at a time. By the end of the year the entire field development effort of all civilian agencies, including USAID, was absorbed in the Office of Civil Operations (OCO) headed by Deputy Ambassador William Porter. The search for a more effective civil counterinsurgency effort continued under OCO, and in May 1967, all field operations were placed under the Military Assistance Command (MACV). A.I.D. officers were to continue revising strategies for several more years before the U.S. Mission felt that satisfactory solutions had been found which would eventually bring the Vietnamese people closer to their government.

FIGURE 4 : TOTAL USOM/VIETNAM OBLIGATIONS - FISCAL YEAR 1963

BY CONGRESSIONAL APPROPRIATION

"WHERE IT CAME FROM"

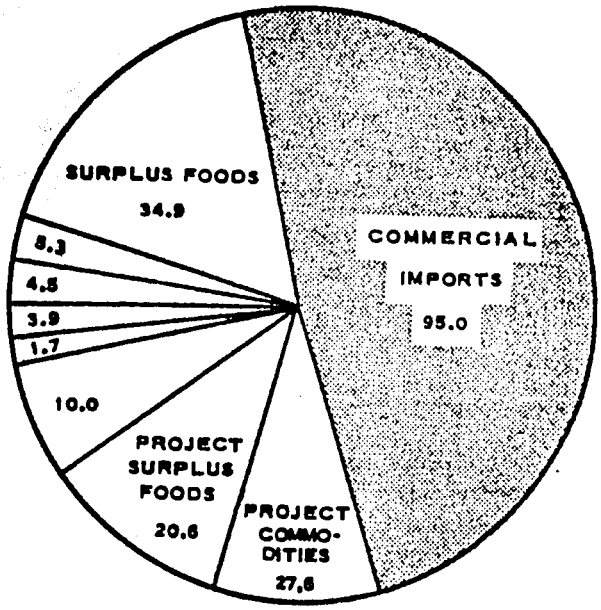


DEVELOPMENT GRANTS

CONTINGENCY FUND

BY TYPE OF OBLIGATION

"HOW IT WAS TO BE SPENT"



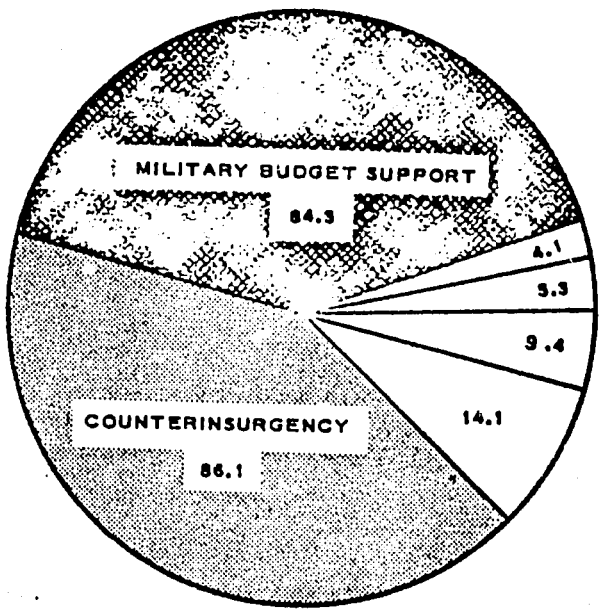
FOOD DISTRIBUTED BY CHARITIES

DIRECT HIRE PERSONNEL

CONTRACT SERVICES

PARTICIPANTS *

SPECIAL DIRECT PURCHASE OF PIASTERS



TECHNICAL SUPPORT **

FOOD DISTRIBUTED BY CHARITIES

ECONOMIC - SOCIAL DEVELOPMENT

WAR INFRASTRUCTURE

BY PURPOSE

"WHY IT WAS TO BE SPENT

* VIETNAMESE STUDYING ABROAD.

** USOM PROGRAM OPERATION EXPENSES WHICH CANNOT BE ALLOCATED TO ONE SPECIFIC PROGRAM OR PURPOSE.

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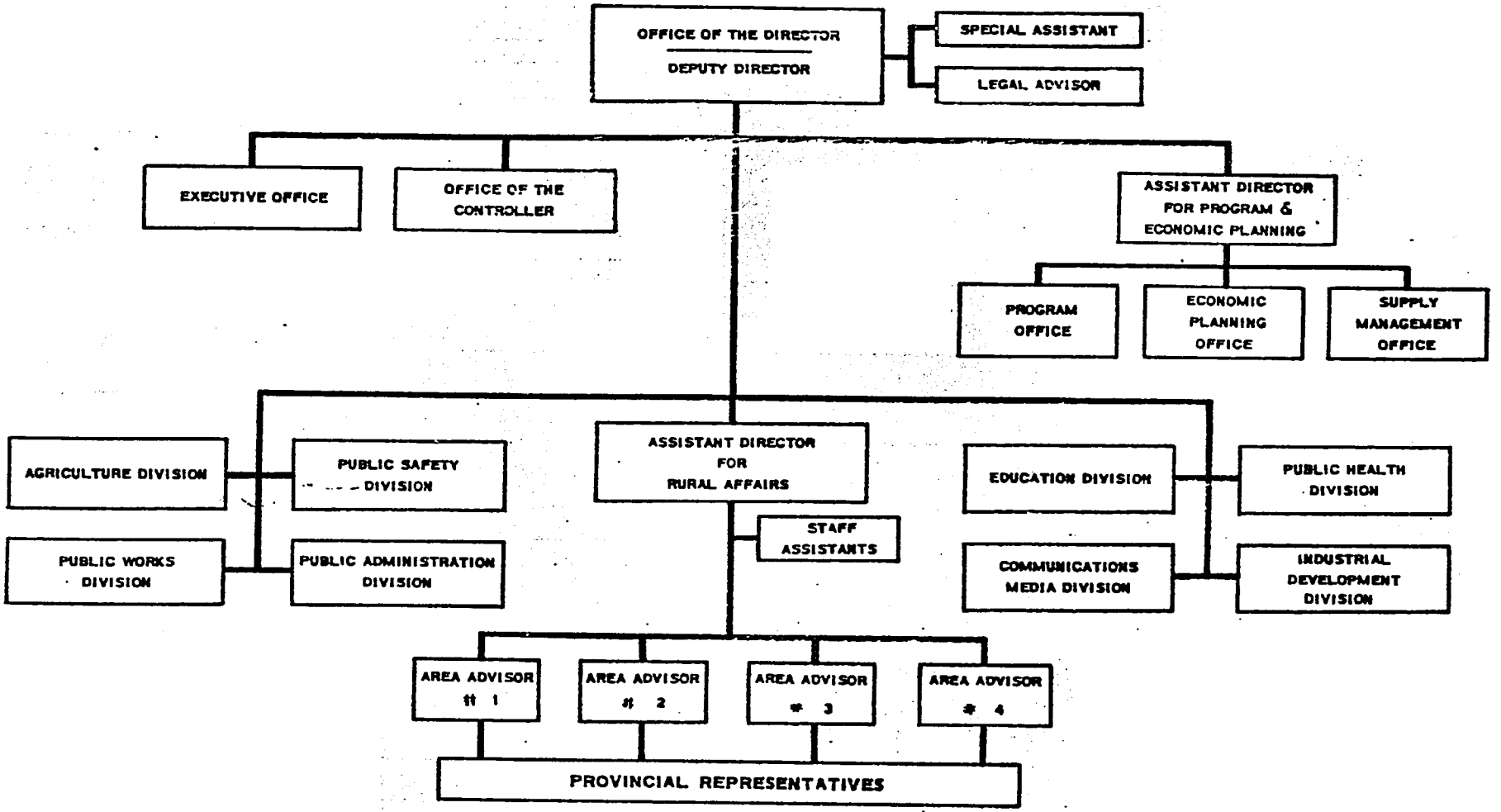
AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES OPERATIONS MISSION TO VIETNAM



APPENDIX N

USOM/Vietnam Organization Chart, 1963.

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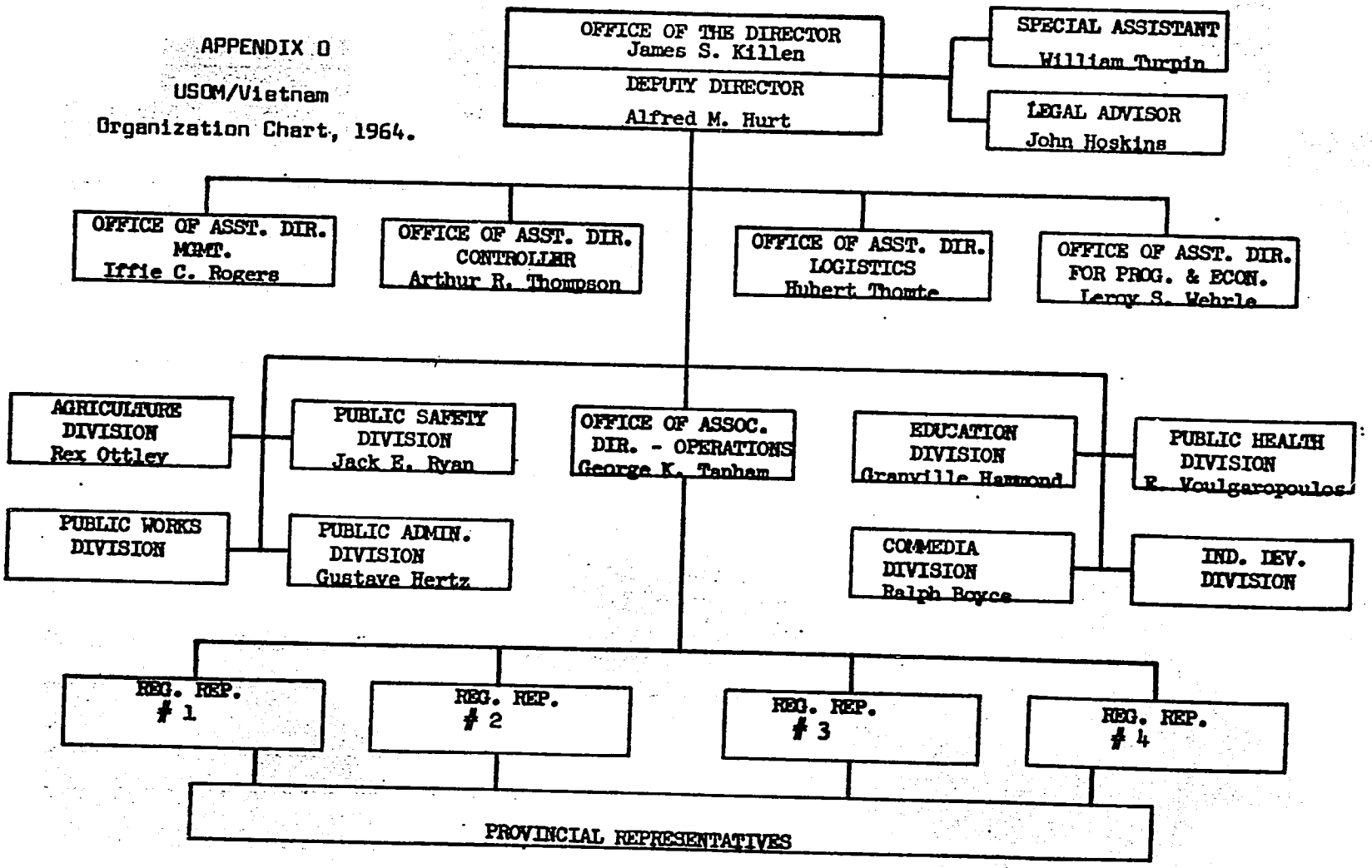
APPENDIX O

USOM/Vietnam

Organization Chart, 1964.

AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES OPERATIONS MISSION TO VIETNAM

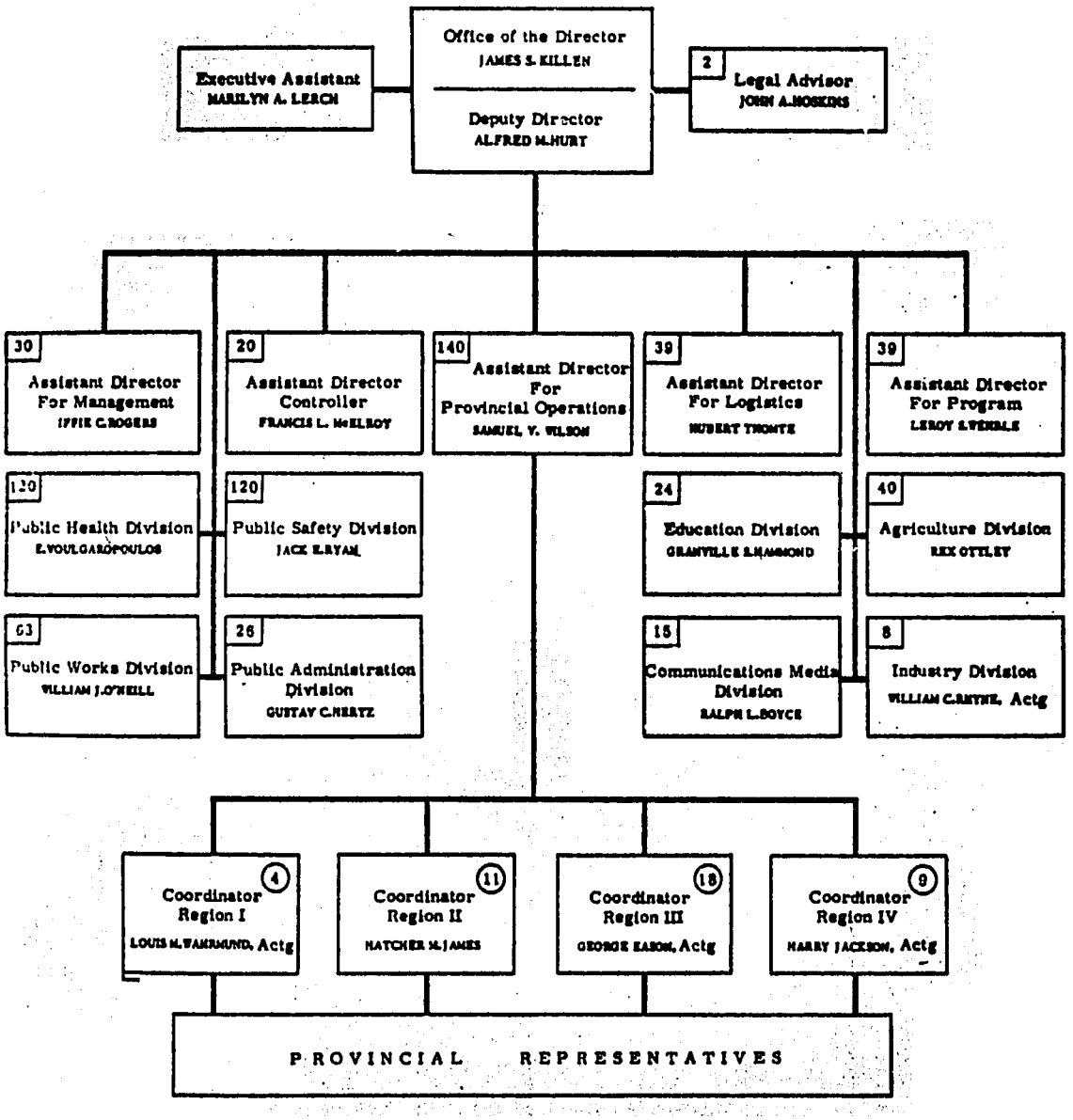


APPENDIX P

USOM ORGANIZATION CHART

19 January 1965

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OPERATIONS MISSION TO VIETNAM



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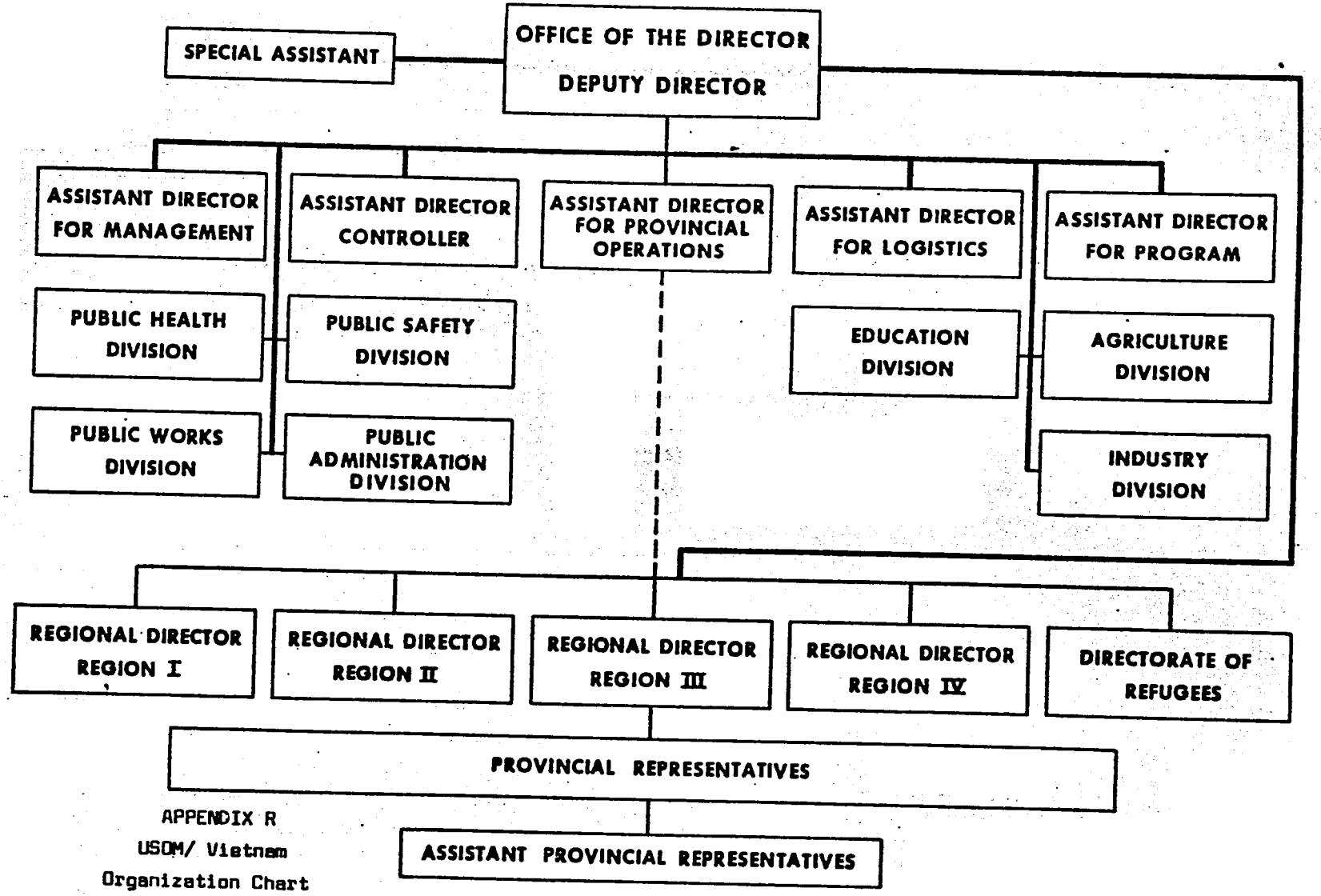

APPENDIX R
USOM/ Vietnam
Organization Chart
December, 1965

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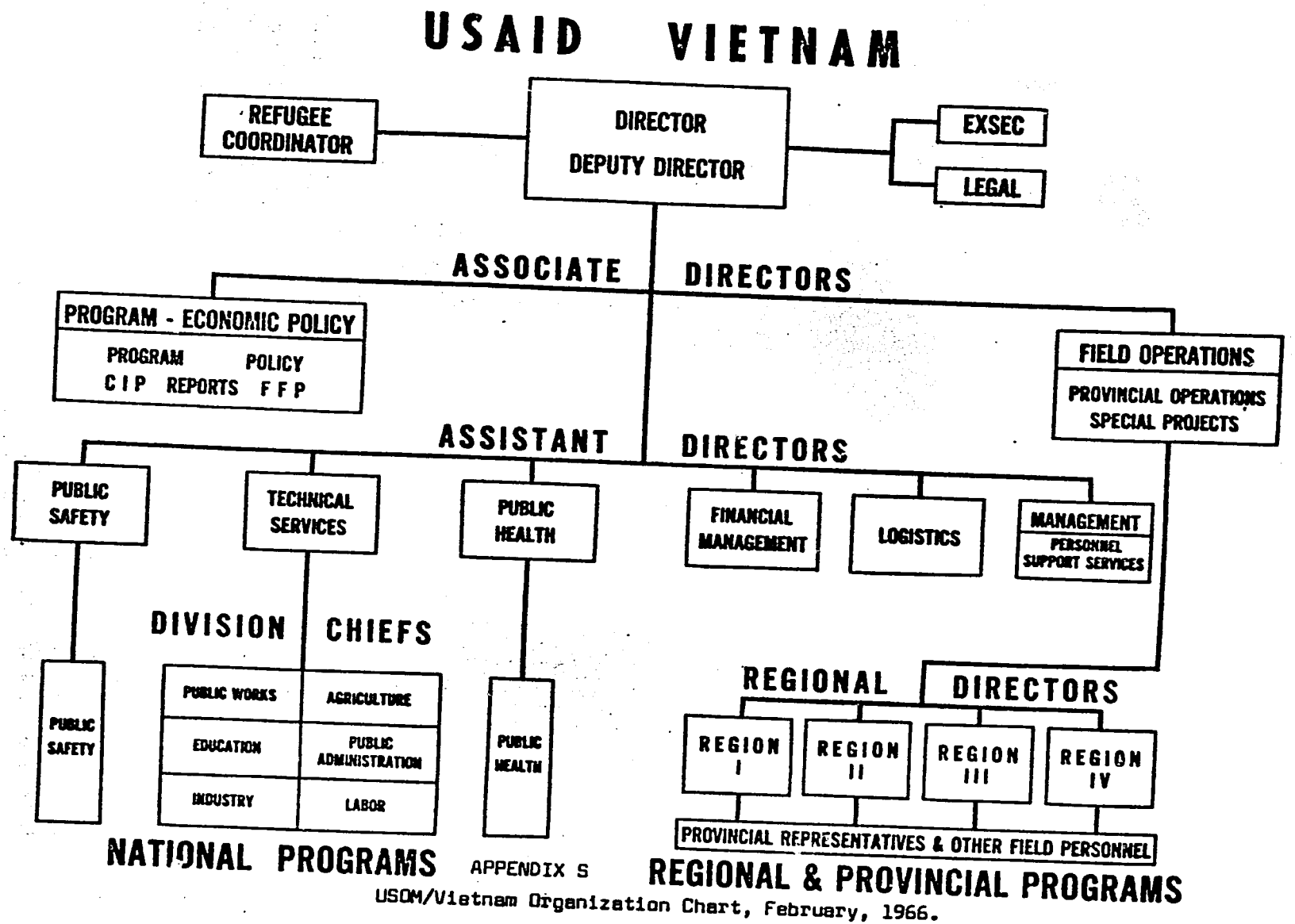


APPENDIX S

USOM/Vietnam Organization Chart, February, 1966.

THE WAR YEARS

1967 - 1973

The year 1967 was one of transition for USAID Viet Nam. USAID moved from a direct role in counterinsurgency in rural areas to one somewhat more in line with traditional policies of economic development. The massive buildup of U.S. military forces had begun in 1965 and approached its peak. USAID had entered the field of counterinsurgency heavily in 1962 and had re-established its staff of province field advisors late in that year. By 1966, USAID had agricultural, community development and public safety advisors at the region and province level and was planning to disperse A.I.D. officers at the district level as well. Gradually, a desire to consolidate management of civil and military advisors developed within the U.S. Mission and in Washington.

In November, 1966, the first stage towards consolidating management was taken. All civilian advisors serving at regional and provincial levels were assigned to a new organization, the Office of Civil Operations (OCO) under Deputy Ambassador William Porter. This move left field operations with only two chains of command, that of the civilian advisors under Ambassador Porter, and that of the military advisors under Gen. William Westmoreland, Commanding General of the Military Assistance Command, Viet Nam. In May, 1967, a second reorganization placed all field advisors, civil and military, under command of General Westmoreland. A post of Deputy Ambassador in charge of these operations was created and was first filled by Deputy Ambassador Robert Komer, who reported to General Westmoreland. This combined civil-military organization was designated Civil Operations Revolutionary Development Support (CORDS) and all American activities concerned with counterinsurgency were placed under CORDS. This move

provided the U.S. counterinsurgency effort with a single managerial chain which was considered more efficient than multiple chains.

Relieved of its responsibilities in direct counterinsurgency advice and assistance in the field, USAID Viet Nam shifted its interest more towards traditional A.I.D. approaches, albeit these activities were also tailored to the needs of counterinsurgency. Major emphasis remained on stabilization of the Vietnamese economy to offset the economic stresses of the war. USAID played a major role in providing civilian advisors for the counterinsurgency effort, in supporting them in the field, and in providing funds for various counterinsurgency programs aimed at "pacification" of the rural population.

USAID also concentrated on alleviating the economic and social consequences of military operations and expanding the economy in secure areas for long-term social and economic development. A separate bureau was created in A.I.D. Washington to handle the sizeable and complex Viet Nam operation.

There were a number of successful moves in 1967 which were cause for at least moderate optimism within the mission.

Inflation, which ran 55 percent in 1965 and 59 percent in 1966, dropped to 30 percent in 1967.

Prices for agricultural products were increased, stimulating the industry and providing greater income to farmers.

There were advances in industrial development, increases in agricultural production, more credit available for farmers, expansion of hospital and health and education infrastructures, improvements in administration and extensions of Viet Nam's road, canal, airport, railroad, water, power and telephone systems.

USAID Viet Nam played important roles in all these improvements. It also helped foster local elections by secret ballot in 1967. The renewed interest in the village level of government, which had been inactive for some years, was shown in the re-establishment of village elections. Elections were held in 1,300 of Viet Nam's 2,000 hamlets villages and in 5,000 of its 10,000 hamlets.

Presidential and National Assembly elections were conducted this same year.

A little noticed activity in 1967 was the small scale trial of new high-yielding rices which had been developed in the Philippines at the International Rice Research Institute (IRRI). These varieties and other varieties later developed at IRRI would become a chief ingredient in Viet Nam's rice production increases in the 1970's.

Although unknown to the Allies in 1967, the Viet Cong were preparing a major series of attacks on Viet Nam's cities, the Tet Offensive of 1968. On the night of January 31, 1968, the City of Saigon and more than 30 Vietnamese province and district towns were attacked on a scale never before mounted by the Viet Cong. The fighting lasted for several weeks and was followed in May by another, lesser offensive. More than 12 thousand civilians were killed, 20,000 wounded and almost a million

evacuees created. Property damage was estimated at 173 million dollars. The effect of these attacks was to momentarily paralize programs in which USAID had major interests and to set the economy back in several important aspects.

Immediately after the offensive began, President Nguyen Van Thieu created on February 2 the Central Recovery Committee which combined the talents of various government ministries to deal with the civil crisis created by the offensive. The committee was charged with directing activities aimed at easing distress of the refugees, restoring facilities in the provincial towns and Saigon, reopening lines of transportation and developing a national spirit of unity towards recovering from the attacks. USAID provided food, construction materials, clothing and piaster funds towards care and resettlement of the refugees. It assisted the Government of Viet Nam in dealing with economic problems created by the offensive and by a 30 percent increase in Vietnamese military personnel occasioned by the nationwide mobilization.

Despite the severity of the Viet Cong offensive, the effects on the Vietnamese economy were not as serious as they might have been and the last half of the year 1968 was spent regaining economic momentum. USAID's primary interests were in providing resources which enabled the economy to stand up under the economic stresses of war; to foster economic growth in spite of the Tet Offensive; and to assist in long range planning for the hoped-for years of peace to come.

The period 1969-1971 provided a favorable climate for USAID's overall goal of providing economic assistance to South Viet Nam. The direct gross economic assistance to Viet Nam from the U.S. dropped from 739.9 million dollars in FY 77 to just over 400 million in 1969, settling at about 500 million for the next three years. The inflation rate hovered at only 15 percent in 1971. Rice production, which was less than 4.69 million

metric tons of paddy in 1967, had risen to 6.2 million metric tons in the 1971-72 season. Much of this increase could be directly accounted for by the USAID introduction of improved rice varieties beginning in 1967. The improved varieties generally produced twice as much paddy per hectare as local varieties and the Government of South Viet Nam hoped to put a total of 880,000 hectares of improved rice varieties into production during 1972.

There was a decrease in the level of violence in 1969 which precipitated the return of many Vietnamese refugees to their homes. That movement, in turn, had a beneficial effect on agricultural production.

Through funding and providing civil specialists to MACV/CORDS, USAID participated in the re-establishment of the long dormant village government in 1969. The shift from hamlet to village government represented a major shift of policy in the pacification field. It also placed the national government in direct contact with many citizens for the first time. USAID funding provided a million piasters for each village participating in the restoration effort, when the program had terminated in 1974, most of South Viet Nam's 2,100 villages were participating in the Village Self-Development Program. These 2,100 village governments proved much more capable and managable than the 10,000 hamlet governments.

On March 26, 1970, President Thieu launched the USAID-backed Land-to-the-Tiller program. During the next three years, over a million hectares of land were distributed free to the tenants. USAID provided funds to assist the Government in compensating landlords as well as advisory assistance in execution of the program.

The effects of Viet Cong insurgency seemed to be clearly on the decline. The Government of Viet Nam reported a steady increase of pacified areas from 1969 through 1971. U.S. military forces, which had reached 500,000 troops at its zenith, began a withdrawal in August, 1969, which eventually would remove all tactical U.S. troops from South Viet Nam.

A major activity of all U.S. elements of the American Mission, including USAID, was Vietnamization, the process of turning over to Vietnamese officials the operative roles which had been performed by U.S. advisors since the buildup of the 60's. Direct hire A.I.D. employees and those on loan, stood at 1,464 at the end of FY 71. The figures dropped to 1,097 by the end of the following fiscal year. There were similar reductions in the number of local and third country nations in USAID's employ.

The period 1969-71 represented a high point in implementation of U.S. foreign aid assistance to South Viet Nam. Total economic assistance reached almost 4.3 billion during this period. Much of USAID's effort had been aimed at stabilization, rather than development, on grounds that this was a prerequisite of economic growth. Economic stablization appeared to be within reach at as the year 1971 closed. USAID looked forward to increasing sound investments for economic growth.

The year 1971 ended a decade of increased guerilla warfare. In spite of the intensification of the war, there were a number of pluses in the economic and development area.

The population had increased from 14.4 million at the end of 1961 to 18.3 million at the end of 1971, 27 percent. Rice production increased during that period from 4.6 million in tons in 1962 to 5.7 million metric tons in 1971, an increase of 24 percent. Although the production did not quite keep up with the population ratio, it did exceed what might have been expected during a period when much of rural Viet Nam was at war. Viet Nam exported 85,000 tons of rice in 1962. During the worst of this war decade it imported as much as 750,000 tons to make up for lost production. But by 1971, imports were down to 160,000 tons.

The Government of Viet Nam supported an army of 400,000 at the beginning of the decade. At the close, the troop strength was approaching 1.1 million. This, plus other increased activities connected with the prosecution of the war, brought on inflation which began in 1960, worsened in 1964 and in 1967-69 and was brought under control in late 1970 and 1971 when prices rose only 15 percent.

The Viet Cong guerilla war, which had reached an unacceptable level of violence during the early 1960's had been receding since 1969, when the Vietnamese government began an intensified effort to separate the Viet Cong from the population through pacification. This development represented a reverse in the long term trend and suggested that more time and effort could be devoted to development if the level of violence continued to drop.

But as the partly indigenous Viet Cong movement seemed on the wane in 1971, the North Vietnamese Army was readying a large-scale invasion of South Viet Nam which would tip the level of violence upwards once again.

The 1972 Communist offensive differed in two major respects from the 1968 offensive. First, it did not come as such a surprise to allied forces. Second, it was primarily a conventional military offensive by the North Vietnamese Army rather than a Viet Cong Guerilla offensive.

Allied intelligence recorded the North Vietnamese buildup early in 1972. There was no doubt the North Vietnamese would attack. The major remaining questions were where and when. At the end of March, at Easter, the North Vietnamese Army (NVA) launched a series of major attacks. They moved south from North Viet Nam across the 17th parallel into Quang Tri, the northernmost province of South Viet Nam. They moved east from Laos into Kontum Province and east from Cambodia into Binh Long Province. The fighting raged in varying degrees through the first half of the year. After initially losing control in Quang Tri, the Vietnamese Army, supported by the U.S. Air Force, stabilized the military situation and took back the capital city of Quang Tri as well as part of the province.

The North Vietnamese drive at Kontum Province was aimed at capturing the province capital of Kontum, a scenic, tree shaded town nestled in a valley. Although North Vietnamese tanks broke through defenses and entered the city in May, they were driven back. The NVA did not take the city, but remained in control of much of the province.

Binh Long's capital of An Loc was the scene of the third bitter battle of this invasion. The NVA did not take this city either but it was leveled during the prolonged siege. Much of the province remained in enemy hands and later served as a headquarters for the Viet Cong Provisional Revolutionary Government.

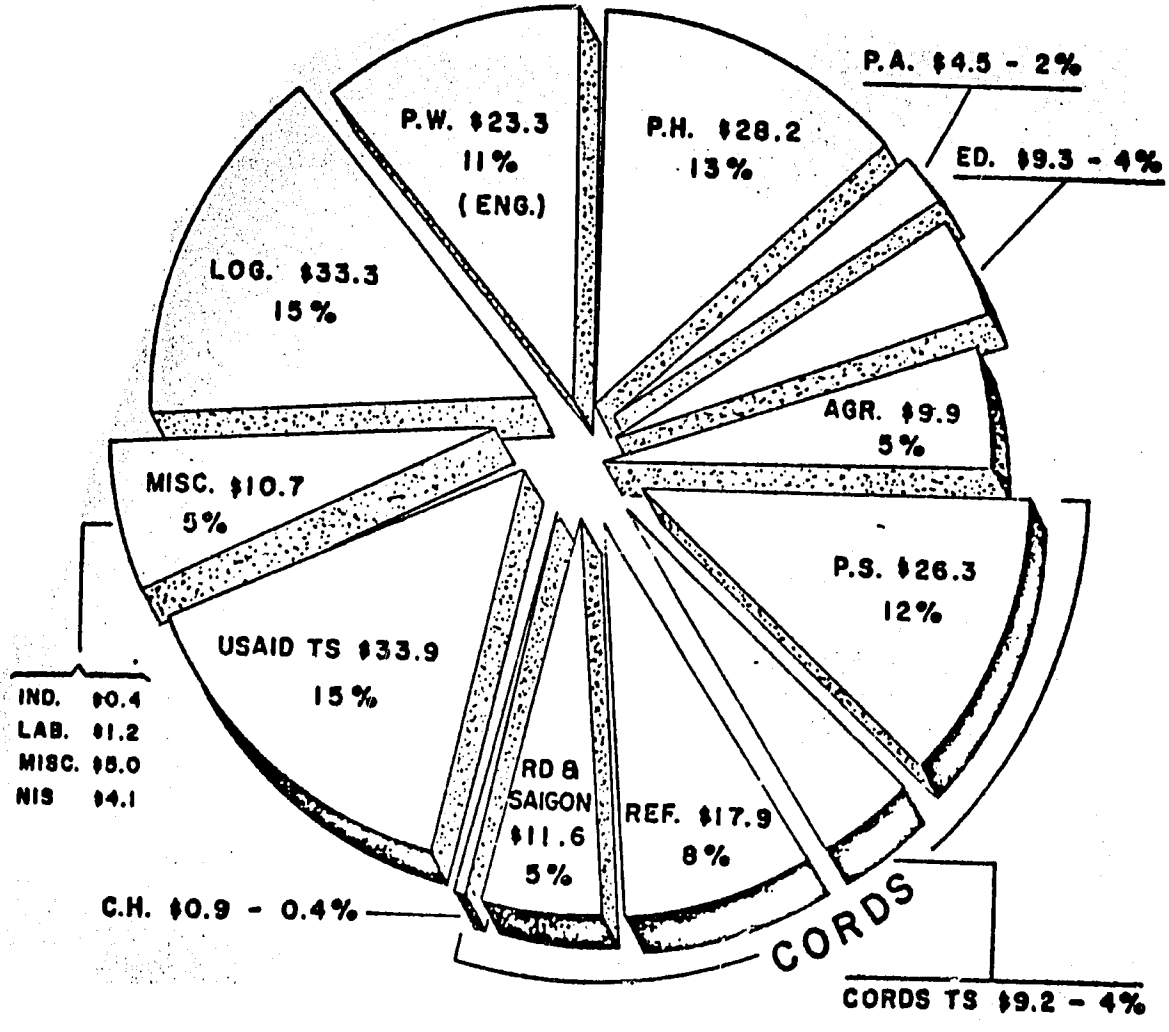
Although the 1972 North Vietnamese invasion was more limited geographically than the Viet Cong Offensive of 1968, it was more damaging in some respects than the earlier violence. But the Vietnamese economy, which had grown since 1968, emerged after the offensive stronger than in 1968.

Never-the-less, the private sector experienced a business recession in 1972. Another major refugee movement was precipitated by the 1972 offensive, generating 1.2 million refugees, mostly in the Danang area of Military Region 1. Inflation increased from the low 15 percent rate of 1971 to almost 25 percent.

On the plus side, the refugees were cared for with more dispatch than in the past. Exports, still small, doubled over 1971. The land reform program moved forward largely unimpeded by the invasion. Tax collections increased.

Rumors of an impending cease fire which began in late 1972 were followed with an announcement on January 23, 1973 by President Richard Nixon that a cease-fire would begin on January 28, 1973. On that day, at 8 a.m., Saigon time the ships in the Saigon River sounded their whistles. They were joined by church bells for several minutes as the cease-fire began. But within 24-hours there were charges and countercharges of cease-fire violations, and the level of violence remained high in 1973, despite the cease-fire. Yet the hope that violence might still be reduced at some point through further negotiation left the possibility that South Viet Nam could at last begin a period of peaceful development.

PROJECT PROGRAM DOLLARS
FY 1968
(IN MILLION DOLLARS)



TOTAL : $219.0

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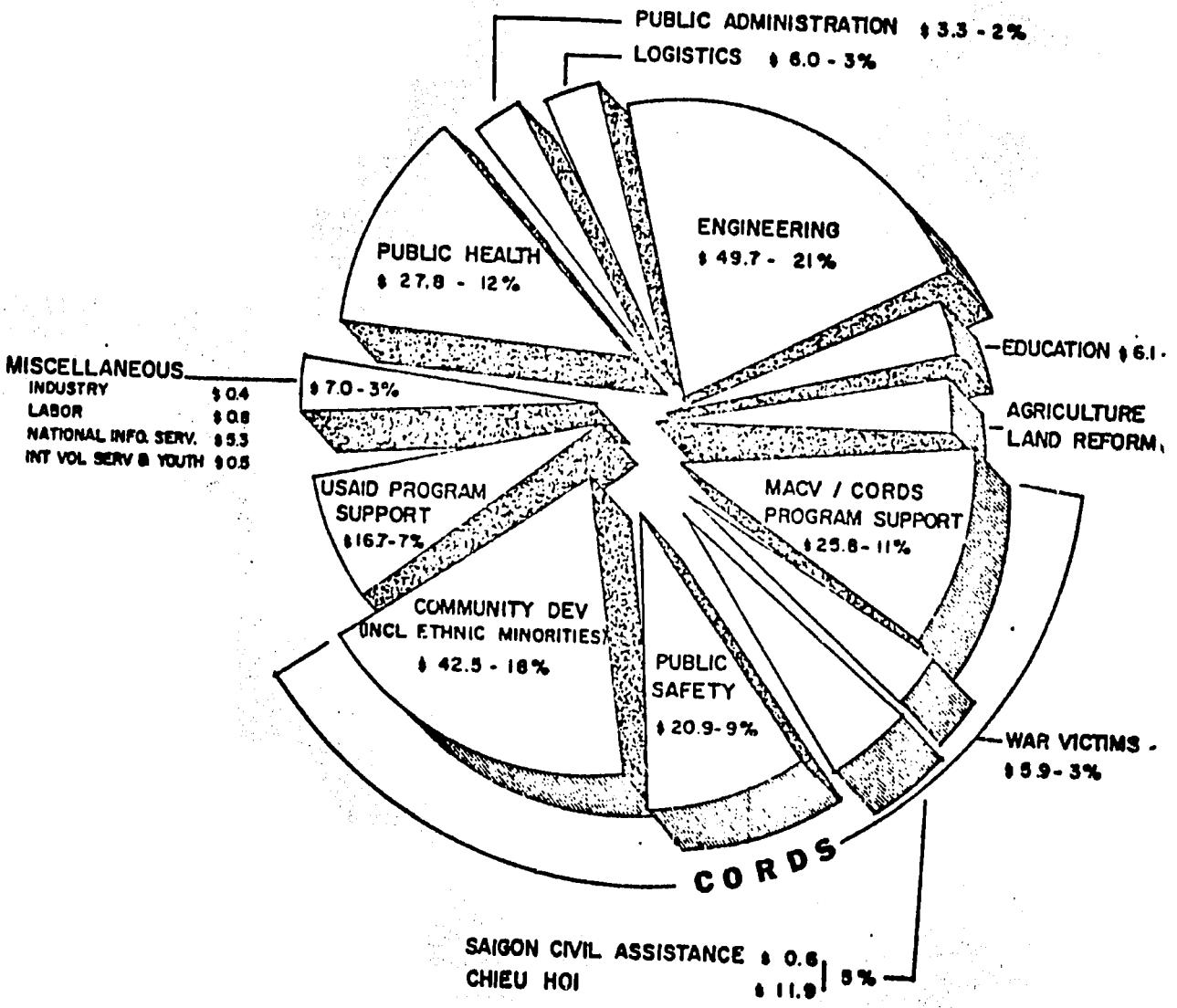
PROJECT PROGRAM DOLLARS

FY 1970

(IN MILLIONS)



TOTAL : $229.7

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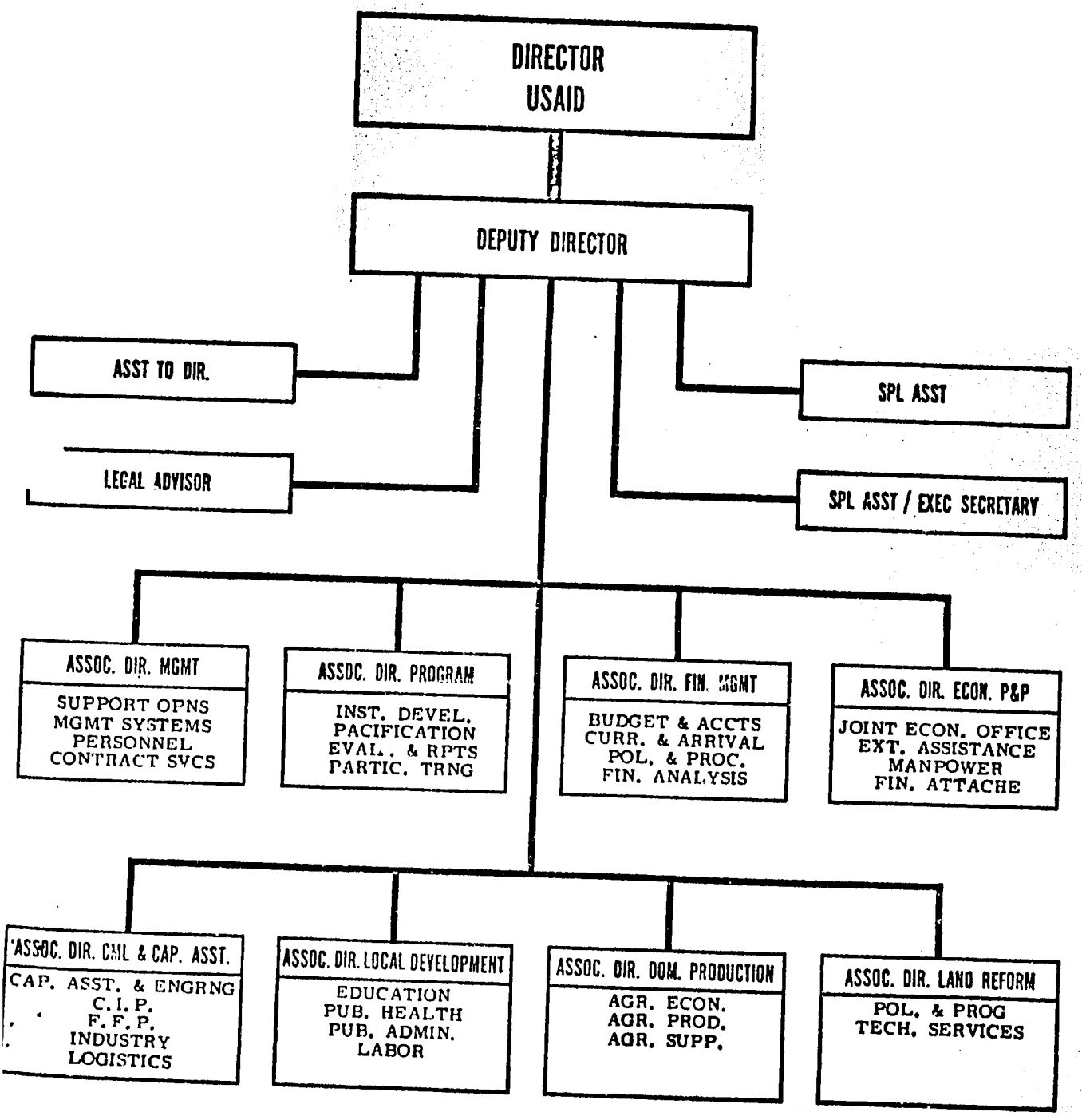
USAID

ORGANIZATIONAL CHART

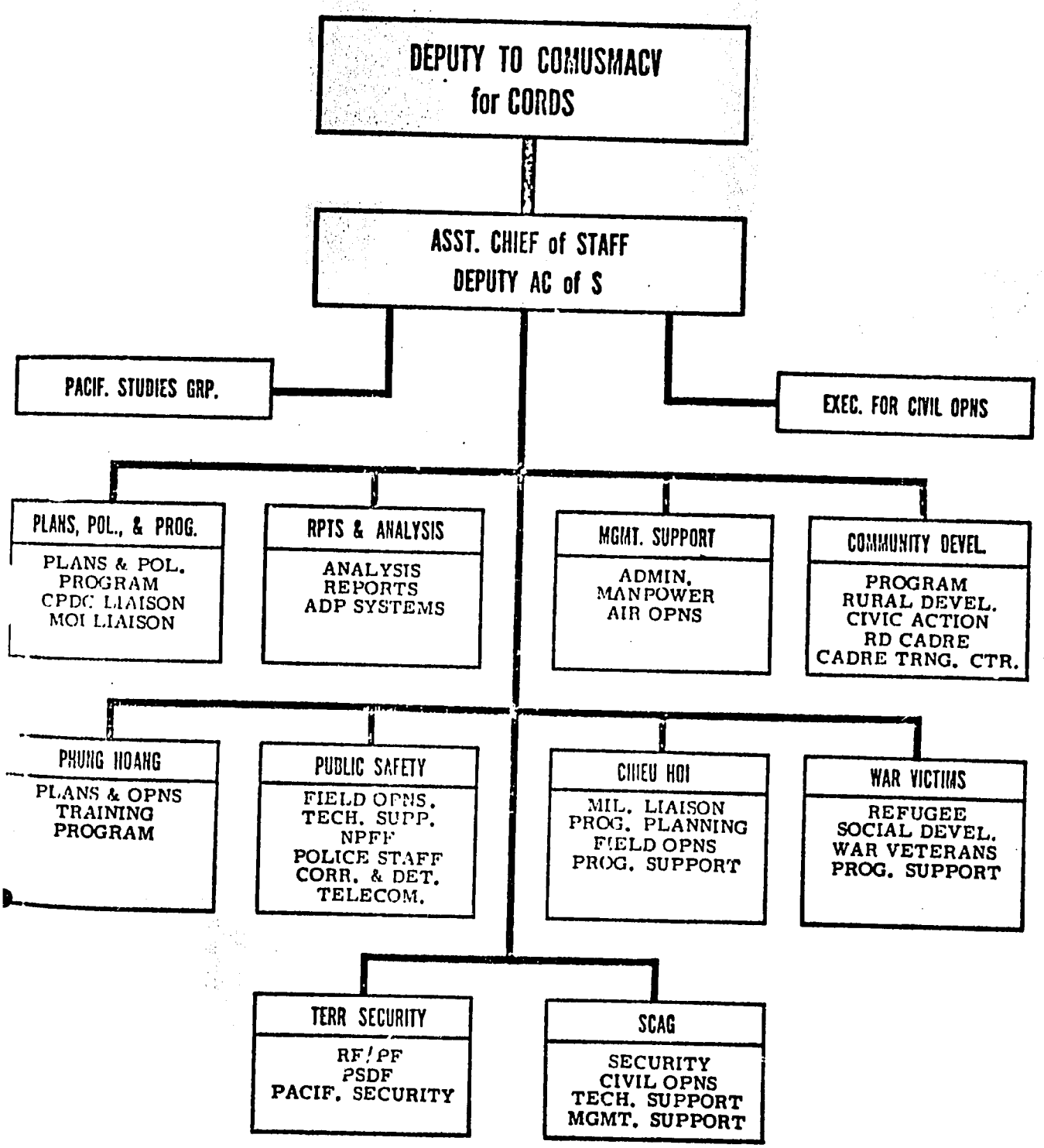
January 15, 1971



CORDS

ORGANIZATIONAL CHART

January 15, 1971



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